

SONATA FINANCE PRIVATE LIMITED

BALANCE SHEET AS ON 31st MARCH 2008

PARTICULARS	SCHEDULES	AS ON 31.03.08 Rs.	AS ON 31.03.07 Rs.
I. SOURCE OF FUNDS:			
SHAREHOLDERS FUNDS:			
Share Capital	A	47,271,660.00	20,000,000.00
Reserve & Surplus	B	16,063,384.00	18,202.00
LOAN FUNDS:			
Secured Loans	C	190,648,269.74	50,309,459.08
Unsecured Loans	D	16,545,448.00	10,093,424.00
TOTAL		270,528,761.74	80,421,085.08
II. APPLICATION OF FUNDS:			
FIXED ASSETS			
Gross Block	E	3,226,909.00	1,302,136.00
Less: Depreciation Block		908,103.00	292,884.00
NET BLOCK		2,318,806.00	1,009,252.00
INVESTMENTS		0.00	0.00
CURRENT ASSETS, LOANS & ADVANCES			
A) Cash & Bank Balances	F	27,718,877.50	20,278,075.22
B) Loans & Advances			
a) Loans to Poor Women in Self Help Groups	G	231,063,895.00	49,830,590.00
b) Advances and Other Current Assets	H	2,853,129.26	1,631,408.84
		261,635,901.76	71,740,074.06
LESS: Current Liabilities & Provisions			
a) Current Liabilities	I	2,626,362.50	1,184,653.00
b) Provisions		0.00	0.00
		2,626,362.50	1,184,653.00
NET CURRENT ASSETS		259,009,539.26	70,555,421.06
DEFERRED TAX ASSET (Net)		1,713,470.00	1,988,624.00
MISCELLANEOUS EXPENDITURE	J	1,780,108.36	968,737.53
(To the extent not written off or adjusted)			
Profit & Loss A/c		5,706,838.12	5,899,050.49
TOTAL		270,528,761.74	80,421,085.08
NOTES ON ACCOUNTS	K		

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

for SONATA FINANCE PRIVATE LIMITED

Allahabad
Date:

24 JUL 2008



(ANUP KUMAR SINGH)
Managing Director

(RAKESH DUBEY)
Director

SONATA FINANCE PRIVATE LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH-2008

PARTICULARS	SCHEDULES	FOR THE YEAR ENDED 31.03.08 Rs.	FOR THE YEAR ENDED 31.03.07 Rs.
1) INCOME:			
Interest Income from Micro Credit Loans	G(a)	33,514,151.00	5,215,119.50
Processing Fees		5,641,589.00	1,309,000.00
Interest		199,609.59	176,503.23
Other Income	L	834,861.50	35,613.00
TOTAL		40,190,211.09	6,736,235.73
2) EXPENDITURE:			
Salaries, benefits to employees	M	17,467,333.00	6,863,941.00
Administrative Expenses	N	4,254,886.46	2,454,320.00
Finance Charges	O	16,636,259.26	2,743,825.22
Bad & Doubtful Debts written off		10,475.00	0.00
Provision for Doubtful Debts		57,545.00	0.00
Preliminary Exp. written off		32,412.00	32,412.00
Pre - operative Exp - written off		290,500.00	290,500.00
Business Infrastructure Acquisition Exp - written off		174,505.00	0.00
TOTAL		38,923,915.72	12,384,998.22
PROFIT/(LOSS) BEFORE DEPRECIATION & TAX		1,266,295.37	-5,648,762.49
Less: DEPRECIATION		615,219.00	261,382.00
PROFIT/(LOSS) BEFORE TAX		651,076.37	-5,910,144.49
Less: PROVISION FOR TAXATION - Current		0.00	0.00
Less: F B T Tax		66,868.00	38,966.00
Less: DEFERRED TAX LIABILITY\ (ASSETS)		275,154.00	-1,474,694.00
PROFIT/(LOSS) AFTER TAX		309,054.37	(4,474,416.49)
Less: Reserve Fund @ 20%		116,842.00	0.00
PROFIT/(LOSS) FOR THE YEAR		192,212.37	(4,474,416.49)
ADD : PREVIOUS YEAR LOSS BALANCE BROUGHT FORWARD		(5,899,050.49)	(1,424,634.00)
TOTAL LOSS CARRIED TO BALANCE SHEET		(5,706,838.12)	(5,899,050.49)
NOTES ON ACCOUNTS	K		


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

Allahabad
Date:

24 JUL 2008



for **SONATA FINANCE PRIVATE LIMITED**


(ANUP KUMAR SINGH)
Managing Director


(RAKESH DUBEY)
Director

Audited Financial Statements for the year ended March 31, 2008

SCHEDULE - A**SHARE CAPITAL:**

	AS ON 31.03.08 Rs.	AS ON 31.03.07 Rs.
AUTHORISED		
5,000,000 Equity Shares (Previous Year 4,000,000 equity shares) of Rs.10/- each	50,000,000.00	40,000,000.00
5,000,000 Preference Shares (Previous Year 1,000,000 preference shares) of Rs.10/- each	50,000,000.00	10,000,000.00

100,000,000.00	50,000,000.00
-----------------------	----------------------

ISSUED, SUBSCRIBED & PAID UP CAPITAL

2,727,166 Equity Shares (Previous Year 1,500,000 equity shares) of Rs.10/- each fully paid up	27,271,660.00	15,000,000.00
2,000,000 Preference Shares (Previous Year 500,000 preference shares) of Rs.10/- each fully paid up	20,000,000.00	5,000,000.00

TOTAL

47,271,660.00	20,000,000.00
----------------------	----------------------

SCHEDULE - B**RESERVE & SURPLUS**

Reserve Fund	135,044.00	18,202.00
Securities Premium	15,928,340.00	0.00

TOTAL

16,063,384.00	18,202.00
----------------------	------------------

for VINAY KUMAR & CO.,
Chartered Accountants

Allahabad

(NAVNEET AGRAWAL)
Partner
Membership No. 400504

for SONATA FINANCE PRIVATE LIMITED

(ANUP KUMAR SINGH)
Managing Director

(RAKESH DUBEY)
Director

24 JUL 2008

SCHEDULE C: SECURED LOANS

Sr. No.	Name of bank/financial Institution	Date availed	Amount Sanctioned	Balance outstanding as on		Payment during the period	Interest rate	Repayment period including moratorium	Type of security / Nature
				March 31, 2007	March 31, 2008				
1	Friends of Women World Banking								
	Loan I	June 16, 2006	2,500,000	1,245,959.00	18,888.00	1,231,111	10.50%	Monthly from July 31, 2006 within 2 years	Hypothecation of Book debts
	Loan II	July 6, 2006	2,500,000	1,388,888.00	277,774.00	1,388,888	10.50%	Monthly from Aug 31, 2006 within 2 years	Hypothecation of Book debts
	Loan III	October 18, 2006	5,000,000	3,611,110.00	3,333,336	3,333,336	10.50%	Monthly from Nov 30, 2006 within 2 years	Hypothecation of Book debts
	Loan IV	January 4, 2007	5,000,000	4,444,444.00	1,111,108.00	3,333,336	10.50%	Monthly from Dec 31, 2006 within 1.5 years	Hypothecation of Book debts
	Loan V	June 2, 2007	10,000,000		4,999,996.00	5,000,004	11.50%	Monthly from July 31, 2007 within 1.5 years	Hypothecation of Book debts
	Loan VI	June 29, 2007	5,000,000		2,499,998.00	2,500,002	11.50%	Monthly from Sep 30, 2007 within 1.5 years	Hypothecation of Book debts
	Loan VII	Aug 09, 2007	5,000,000		3,055,554.00	1,944,446	11.50%	Monthly from Sep 30, 2007 within 1.5 years	Hypothecation of Book debts
	Loan VIII	Aug 09, 2007	5,000,000		3,055,554.00	1,944,446	11.50%	Monthly from Sep 30, 2007 within 1.5 years	Hypothecation of Book debts
	Loan IX	October 1, 2007	5,000,000		3,611,110.00	1,388,890	11.50%	Monthly from Nov 30, 2007 within 1.5 years	Hypothecation of Book debts
	Loan X	October 10, 2007	10,000,000		7,222,220.00	2,777,780	11.50%	Monthly from Dec 31, 2007 within 1.5 years	Hypothecation of Book debts
	Loan XI	November 28, 2007	10,000,000		7,777,776.00	2,222,224	11.50%	Monthly from Jan 31, 2008 within 1.5 years	Hypothecation of Book debts
	Loan XII	December 14, 2007	10,000,000		8,333,332.00	1,666,668	11.50%	Monthly from Feb 29, 2008 within 1.5 years	Hypothecation of Book debts
	Loan XIII	January 29, 2007	5,000,000		4,444,444.00	555,556	11.50%	Monthly from Mar 31, 2008 within 1.5 years	Hypothecation of Book debts
	Loan XIV	February 7, 2007	10,000,000		9,444,444.00	555,556	11.50%		
	Sub-Total		90,000,000	10,694,441	55,852,196.00	29,842,243			
2	ABN Amro NV								
	Loan I	June 1, 2006	2,400,000	1,800,000.00	600,000.00	1,200,000	9.75%	Quarterly from December 01, 2006 within 2.5 years	Hypothecation of Book debts
	Loan II	August 16, 2006	2,500,000	2,150,000.00	900,000.00	1,250,000	9.75%	Quarterly from February 15, 2007 within 2.5 years	Hypothecation of Book debts
	Loan III	October 18, 2006	3,000,000	3,000,000.00	1,400,000.00	1,600,000	9.75%	Quarterly from April 18, 2007 within 2.5 years	Hypothecation of Book debts
	Loan IV	November 28, 2006	2,100,000	2,100,000.00	900,000.00	1,200,000	9.75%	Quarterly from May 29, 2007 within 2.5 years	Hypothecation of Book debts
	Loan V	May 14, 2007	10,000,000		6,250,000.00	3,750,000	12.00%	Quarterly from Aug 14, 2007 within 2 years	Hypothecation of Book debts
	Loan VI	July 11, 2007	15,000,000		11,000,000.00	4,000,000	11.75%	Quarterly from Oct 09, 2007 within 2 years	Hypothecation of Book debts
	Loan VII	March 11, 2008	15,000,000		15,000,000.00		13.75%	Quarterly from June 30, 2008 within 2 years	Hypothecation of Book debts
	Sub-Total		35,000,000	9,050,000	36,050,000	13,000,000			

for SONATA FINANCE PRIVATE LIMITED

for VINAY KUMAR & CO.,
Chartered Accountants



(ANUP KUMAR SINGH)
Managing Director

(RAKESH KUMAR)
Director

Attested
Date:

24 JUL 2008

SCHEDULE C: SECURED LOANS

Sr. No.	Name of bank/financial institution	Date availed	Amount Sanctioned	Balance outstanding as on		Payment during the period	Interest rate	Repayment period including moratorium Payable in	Type of security / Nature
				March 31, 2007	March 31, 2008				
3	HDFC Bank Ltd								
	Loan I	Mar. 2006	5,000,000	3,571,428.58	714,285.74	2,857,143	9.75%	Quarterly from Jan 1, 2007 within 2.5 years with 9 months moratorium	110% Hypothecation of Book debts plus 10% FDR of the Loan Amount
	Loan II	December 5, 2006	5,000,000	4,375,000.00	1,875,000.00	2,500,000	9.75%	Quarterly from Mar 1, 2007 within 27 months including 3 months moratorium	110% Hypothecation of Book debts plus 5% FDR of the Loan Amount
	Loan III	March 30, 2007	2,500,000	2,500,000.00	1,250,000.00	1,250,000	9.75%	Quarterly from Jul 1, 2007 within 27 months including 3 months moratorium	110% Hypothecation of Book debts plus 5% FDR of the Loan Amount
	Loan IV	June 22, 2007	2,500,000		1,562,500.00	937,500	9.75%	Quarterly from Sep 1, 2007 within 27 months including 3 months moratorium	110% Hypothecation of Book debts plus 5% FDR of the Loan Amount
	Loan V	Sept 11, 2007	15,000,000		11,250,000.00	3,750,000	12.25%	Quarterly from Dec, 2007 within 36 months including 3 months moratorium	Hypothecation of Book debts
	Loan VI	Sept 25, 2007	5,000,000		3,750,000.00	1,250,000	12.25%	Quarterly from Dec, 2007 within 36 months including 3 months moratorium	Hypothecation of Book debts
	Loan VII	Nov 14, 2007	10,000,000		8,750,000.00	1,250,000	12.25%	Quarterly from Feb, 2008 within 36 months including 3 months moratorium	Hypothecation of Book debts
	Loan VIII	Jan 24, 2008	5,000,000		5,000,000.00		12.25%	Quarterly from Apr, 2008 within 36 months including 3 months moratorium	Hypothecation of Book debts
	Loan X	March 26, 2008	15,000,000	73,363.50	15,000,000.00		12.50%	Quarterly from Jun, 2008 within 36 months including 3 months moratorium	Hypothecation of Book debts
	Sub-Total		65,000,000	10,519,792.08	49,151,785.74	13,794,643			
4	SIDBI								
	Loan I	December 17, 2006	7,500,000	2,500,000	4,780,000	2,720,000	9.50%	Quarterly from June 1, 2007 within 3 years including 3 months moratorium	2.5% FDR of the Loan Amount
	Loan II	March 23, 2007	2,500,000	2,500,000	1,600,000	900,000	10.25%	Quarterly from June 1, 2007 within 3 years including 3 months moratorium	2.5% FDR of the Loan Amount
	Sub-Total		10,000,000	10,000,000	6,380,000	3,620,000			
	UTI Bank								
5	Loan I	February 28, 2007	5,000,000	5,000,000	1,250,000	3,750,000	11%	Bi-monthly from May 31, 2007 within 1.5 years including 3 months moratorium	Hypothecation of Book debts plus 5% FDR of the Loan Amount
	Loan II	March 29, 2007	5,000,000	5,000,000	1,250,000	3,750,000	11%	Bi-monthly from May 31, 2007 within 1.5 years including 3 months moratorium	Hypothecation of Book debts plus 5% FDR of the Loan Amount
	Loan III	Sep 6, 2007	5,000,000		3,571,428	1,428,572	11.75%	Quarterly from Dec 31, 2007 within 24 months including 3 months moratorium	Hypothecation of Book debts
	Loan IV	Oct 24, 2007	10,000,000		7,142,858	2,857,142	11.75%	Quarterly from Dec 31, 2007 within 24 months including 3 months moratorium	Hypothecation of Book debts
	Loan V	Feb 13, 2007	15,000,000		15,000,000		11.75%	Quarterly from Apr 30, 2008 within 24 months including 3 months moratorium	Hypothecation of Book debts
	Loan VI	Feb 27, 2008	15,000,000	45,226	15,000,000		11.75%	Quarterly from Apr 30, 2008 within 24 months including 3 months moratorium	Hypothecation of Book debts
	Sub-Total		55,000,000	10,045,226	43,214,286	8,928,572			
	SECURED LOANS	TOTAL	255,000,000	50,309,459	190,648,269.74	69,185,457.84			



for VINAY KUMAR & CO.,
Chartered Accountants
(Firm Name: VINAY KUMAR & CO.)
(Firm No: 401/514)
(Firm Address: Mumbai)

for SONATA FINANCE PRIVATE LIMITED

(ANUP KUMAR SINGH)
Managing Director
(RAKESH DUBEY)
Director

Alahabad
Date

24 JUL 2008

SCHEDULE D : UNSECURED LOANS

Sr. No.	Name of bank/financial Institution	Date availed	Amount Sanctioned	Balance outstanding as on		Payment during the period	Interest rate	Repayment period including moratorium Payable in	Type of security / Nature
				March 31, 2007	March 31, 2008				
1	ICICI Fund								
	Loan I	Jan, 2007	5,000,000	5,000,000	3,499,997	1,500,003	11.00%	36 Month including a moratorium of 6 months	Unsecured
	Loan II	Feb, 2007	5,000,000	5,000,000	3,499,997	1,500,003	11.00%	36 Month including a moratorium of 6 months	Unsecured
	Loan III	Aug, 2007	5,000,000	-	4,772,727	-	13.00%	36 Month including a moratorium of 6 months	Unsecured
	Loan IV	Aug, 2007	5,000,000	-	4,772,727	-	13.00%	36 Month including a moratorium of 6 months	Unsecured
				93,424.00					
	Sub-Total		20,000,000	10,093,424	16,545,448	3,000,006			
2	Bellwether Microfinance								
	Fund Pvt. Ltd.								
	Loan I	April 18, 2007	6,000,000	-	-	6,000,000	11.00%	After 3 Months in lumpsum	Unsecured
	Loan II	September 28, 2007	5,000,000	-	-	5,000,000	12.00%	After 3 Months in lumpsum	Unsecured
	Loan III	December 24, 2007	30,000,000	-	-	30,000,000	12.00%	After 3 Months in lumpsum	Unsecured
	Loan IV	January 7, 2008	10,000,000	-	-	10,000,000	12.00%	After 3 Months in lumpsum	Unsecured
	Sub-Total		51,000,000	-	-	51,000,000.00			
	UNSECURED LOANS	TOTAL	71,000,000	10,093,424	16,545,448	54,000,006			

for VINAY KUMAR & CO.,
Chartered Accountants

Allahabad
Date:

24 JUL 2008

for SONATA FINANCE PRIVATE LIMITED

(ANUP KUMAR SINGH)
Managing Director

(RAKESH DUBEY)
Director

SCHEDULE E: FIXED ASSETS

for SONATA FINANCE PRIVATE LIMITED

for VINAY KUMAR & CO.,
Chartered Accountants

Allahabad
Date:

24 JUL 2008

(NAVNEET AGRAWAL)
Partner
Membership No. 400504

(ANUP KUMAR SINGH)
Managing Director

(RAKESH DUBEY)
Director

SCHEDULE - F**CASH AND BANK BALANCES**

	AS ON 31.03.08	AS ON 31.03.07
Cash in hand	307,558.00	44,158.00
Cheque/DD in Transit	30,000.00	
Balances with Scheduled Bank		
- In Current Account		
Uttar Pradesh		
HDFC Bank C/A NO. 1325	196.78	968,283.71
HDFC Bank C/A NO. 0081	95,656.41	572,457.76
HDFC Bank C/A NO. 1568	1,834,229.21	1,331,920.37
ICICI Bank C/A NO. 1554	27,254.99	117,010.99
Kotak Mahindra Bank C/A No.014	223,754.83	336,257.50
UTI Bank C/A NO. 2325	212,597.56	125,312.08
ABN Amro Bank C/A No.6545726	184,095.08	121,293.94
Allahabad Bank, Katra C/A No. 1004737	222,168.00	618,743.00
Bank of Baroda, Katra C/A No.10166	8,666.00	768,438.00
Bank Of Maharashtra		74,993.32
United Bank of India, Mauaima C/A - 6426	53,069.80	30,554.55
Allahabad District Cooperative Bank, Karchana C/ANO.309	1,352,908.00	598,542.00
Allahabad District Cooperative Bank, Karchana C/A NO.88	611,277.00	780,684.00
Allahabad District Cooperative Bank, Karchana C/A NO.299	334,335.00	328,091.00
Allahabad Kshetriya Grameen Bank, Puramufti, CA NO. - 10075	899,175.00	68,384.00
Allahabad Kshetriya Grameen Bank, Sahson C/A NO. - 41	146,726.00	488,847.00
Vijaya Bank, Phoolpur C/A NO. 798	1,772,773.00	363,917.00
Allahabad District Cooperative Bank, Bharwari C/A NO.234	1,121,612.00	365,140.00
Allahabad Bank, Lalgopalganj C/A NO. 466	889,473.00	22,892.00
Bank of Baroda, Bahariaya, Phoolpur C/A NO. 100252	217,421.00	102,395.00
State Bank Of India, Handia C/A NO. 60020	11,572.00	11,572.00
Bank of Baroda, Barut, Handia C/A NO. 1116	825,365.50	325,753.00
Allahabad Bank, Handia C/A NO. 12	739,533.00	718,938.00
Allahabad District Cooperative Bank, Handia C/A NO.259	739,878.00	20,000.00
Allahabad District Cooperative Bank, Mauiama C/A NO. 208	604,646.00	357,021.00
Bank of Baroda, Katra, City C/A NO. 10178	302,233.00	167,482.00
Allahabad Bank, Unchahar C/A NO. 70	681,059.00	447,927.00
Bank of Baroda, Unchahar C/A NO. 4036	334,551.00	251,067.00
Allahabad District Cooperative Bank, Mauaima C/A No.85	813,316.00	-
Allahabad Kshetriya Grameen Bank, City Allahabad C/A No.10095	274,152.00	-
Zila Sahkari Bank Ltd, Pratapgarh C/A No. 435	199,828.00	-
Allahabad District Cooperative Bank, Bharwari C/A No.122	486,001.00	-
Barooda Eastern UP Grameen Bank, Fatehpur C/A No. 10072	170,299.00	-
Barooda Eastern UP Grameen Bank, Khaga C/A No. 100199	682,990.25	-
Bank of Baroda, Sultanpur C/A No.	153,609.00	-
Bank of Baroda, City C/A No. 243	341,443.00	-
Bank of Baroda, City C/A No. 7007	360,419.00	-
Kotak Mahindra Bank, Kanpur C/A No.06883	1,008,037.90	-
State Bank of India, Shuklaganj Kanpur C/A No. 6032	162,369.00	-
Allahabad Bank, Salon C/A NO. 220	10,000.00	-
Allahabad District Cooperative Bank, Saraykil C/A NO. 303	1,410,631.00	-
Fatehpur Kshetriya Grameen Bank, Fatehpur C/A No. 537	658,521.00	-
Fatehpur Kshetriya Grameen Bank, Khaga C/A No. 46	236,110.00	-
Central Bank of India, Raniganj, Mauiama C/A 134	32,899.00	-
Barooda Eastern UP Grameen Bank, Mauiama C/A No. 44	528,145.00	-
Madhya Pradesh		
Axis Bank Ltd C/A -128010200020129	1,704,697.77	-
Axis Bank Ltd C/A -128010200020101	706,432.97	-
Axis Bank Ltd C/A -128010200020110	33,248.74	-
Axis Bank Ltd C/A -128010200020156	114,120.12	-
Central Bank of India C/A No.CD272	497,809.00	-
Central Bank of India C/A No.CD528	470,343.50	-
ICICI BANK C/A NO. 09805003345	45,478.64	-
Bank of India C/A No.CD92	19,835.00	-
Central Bank of India C/A No. 3012975847	33,914.00	-
- In Fixed Deposit		
- Pledged		
SIDBI Bank	250,000	250,000.00
UTI Bank	500,000	500,000.00
HDFC Bank	1,000,000	1,000,000.00
- UnPledged		
HDFC Bank	30,443.45	5,000,000.00
Kotak Mahindra Bank		3,000,000.00
TOTAL	27,718,877.50	20,278,075.22

for VINAY KUMAR & CO.,

Allahabad
Date:

for SONATA FINANCE PRIVATE LIMITED

(ANUP KUMAR SINGH)
Managing Director

(RAKESH DUBEY)
Director

24 JUL 2008

Audited Financial Statements for the year ended March 31, 2008

SCHEDULES TO ACCOUNTS AS AT MARCH 31, 2008

SCHEDULE G: LOANS TO POOR WOMEN IN SELF HELP GROUPS

Rs.

Age and category of Loan outstandings (Owned)	Standard loans		Non-Performing Loans			Total	Total
	No Overdues	Overdue upto 4 weeks	Sub-Standard 5 to 25 weeks	Doubtful 26 to 50 weeks	Lost Where duration of loan period has expired	31-Mar-08	31-Mar-07
Encumbered / Unsecured							
Regular	230,980,808.00	42,652.00	59,600.00	-	48,855.00	231,131,915.00	49,830,590
Gross Book Value of the Portfolio of Loan Outstanding	230,980,808.00	42,652.00	59,600.00	-	48,855.00	231,131,915.00	49,830,590
Less: Bad Debts Written Off	-	-	-	-	10,475.00	10,475.00	-
Less: Provisions for doubtful loans	-	4,265.00	14,900.00	-	38,380.00	57,545.00	-
Net book value of the Portfolio of Loan Assets as on 31-03-2008	230,980,808.00	38,387.00	44,700.00	-	10,475.00	231,063,895.00	49,830,590
Net book value of the Portfolio of Loan Assets as on 31-03-2007	49,830,590.00	-	-	-	-	49,830,590.00	3,154,336

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

Age and category of Loan outstanding	Standard loans		Non-Performing Loans			Total	Total
	No Overdues	Overdue up to 4 weeks	Sub-Standard 5 to 50 weeks	Doubtful 26 to 50 weeks	Lost Where duration of loan period has expired	31-Mar-08	31-Mar-07
Interest Received During the period	32,888,811.00	-	-	-	-	32,888,811.00	5,044,462.00
Less: Intt. Due but not collected (Previous F.Y.)	172,018.00	-	-	-	-	172,018.00	1,360.50
Less: Intt. Accrued (Previous F.Y.)	32,716,793.00	-	-	-	-	32,716,793.00	5,043,101.50
Add:							
Interest Due But Not Received	797,358.00	-	-	-	-	797,358.00	172,018.00
Interest Accrued	-	-	-	-	-	33,514,151.00	5,215,119.50
Less:							
Interest Derecognized	33,514,151.00	-	-	-	-	33,514,151.00	5,215,119.50
Total							

for VINAY KUMAR & CO.,
Chartered Accountants

for SONATA FINANCE PRIVATE LIMITED

Allahabad
Date:

24 JUL 2008

(NAVNEET AGRAWAL)
Partner
Membership No. 400504

(ANUP KUMAR SINGH)
Managing Director

(RAKESH DOBRY)
Director

SCHEDULE - H**ADVANCES AND OTHER CURRENT ASSETS:**

Advance to Personnel	
Personal Advance	
Accrued Interest on Micro credit lendings	
Others Advances & Recoverables	
Interest Accrued on Fixed Deposit with Banks	
Other Income Accrued	
Printing & Stationery Stock	
TOTAL	

AS ON
31.03.08
Rs.AS ON
31.03.07
Rs.

92,706.00	41,316.00
502,192.00	900,119.00
797,358.00	172,018.00
929,144.58	417,995.93
221,062.68	99,959.91
247,400.00	
63,266.00	
2,853,129.26	1,631,408.84

SCHEDULE - I**CURRENT LIABILITIES:**

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

1,200,644.50	754,730.00
202,008.00	303,172.00
28,090.00	16,836.00
1,195,620.00	109,915.00
2,626,362.50	1,184,653.00

SCHEDULE - J**MISCELLANEOUS EXPENDITURE:**

(to the extent not written off or adjusted)

Preliminary Expenses	
LESS : 1/5th p.a Written Off	

Total (A)

97,237.53	129,649.53
32,412.00	32,412.00
64,825.53	97,237.53

Pre-Operative Expenses	
LESS : 1/5th p.a Written Off	

Total(B)

871,500.00	1,162,000.00
290,500.00	290,500.00
581,000.00	871,500.00

Business Infrastructure Acquisition Exp	
LESS : 1/5th p.a Written Off for 8 months	

Total(C)

1,308,787.83	0
174,505.00	
1,134,282.83	0

TOTAL (A + B+C)

1,780,108.36	968,737.53
---------------------	-------------------

for VINAY KUMAR & CO.,
Chartered AccountantsAllahabad
Date:(NAVNEET AGRAWAL)
Partner
Membership No. 400504

for SONATA FINANCE PRIVATE LIMITED

(ANUP KUMAR SINGH)
Managing Director(RAKESH DUBEY)
Director

24 JUL 2008

24 JUL 2008

SONATA FINANCE PRIVATE LIMITED

SCHEDULE - L**OTHER INCOME:**

Interest income from staff
Other Income

FOR THE
PERIOD ENDED
31.03.08
Rs.

FOR THE
YEAR ENDED
31.03.07
Rs.

72,722.00
762,139.50

16,078.00
19,535.00

TOTAL

834,861.50**35,613.00****SCHEDULE - M****SALARIES & BENEFITS TO EMPLOYEES**

Director's Remuneration
Salaries
Allowances
Incentives

2,215,453.00
5,538,783.00
6,367,658.00
3,345,439.00

1,715,342.00
1,712,637.00
1,859,718.00
1,576,244.00

TOTAL

17,467,333.00**6,863,941.00****SCHEDULE - N****OTHER ADMINISTRATIVE EXPENDITURE:**

Rent
Printing & Stationary
Travelling & Conveyance
Staff Welfare Exp
Postage & Telegrams
Electricity Charges
Telephone Charges
Repair & Maintenance
Auditor's Fee
Professional Charges
Miscellaneous Expenditure
Monitoring Expenses
Legal & Filing Fee
Board Meeting Expenses
Statutory Expenses
Training and Recruitment Expenses

757,169.00
692,483.50
721,712.00
126,120.50
13,214.00
51,262.00
102,947.00
169,836.00
55,636.00
75,713.00
579,671.00
-
117,126.00
74,106.00
574,444.00
143,446.46

372,300.00
209,163.50
454,089.00
37,831.50
13,274.00
15,828.00
65,120.00
23,932.00
33,672.00
184,807.00
223,686.00
19,882.00
112,760.00
6,212.00
337,835.00
343,928.00

TOTAL

4,254,886.46**2,454,320.00****SCHEDULE - O****FINANCE CHARGES**

Interest on Borrowings
Bank Charges

15,721,727.03
914,532.23

2,389,865.65
353,959.57

TOTAL

16,636,259.26**2,743,825.22**

for VINAY KUMAR & CO.,
Chartered Accountants

Allahabad
Date:



for SONATA FINANCE PRIVATE LIMITED

(ANUP KUMAR SINGH)
Managing Director

(RAKESH DUBEY)
Director

24 JUL 2008

GROUPINGS TO ACCOUNTS FOR THE PERIOD ENDED ON MARCH 31, 2008

No.	PARTICULARS	March 31, 2008	March 31, 2007
GA1	Others Advances & Recoverables		1,499.00
	Bicycle Advance	379,554.00	191,039.00
	Loan for Motorcycle	260,286.00	9,000.00
	Personal Loan	49,250.00	104,500.00
	Mobile Loan	6,000.00	39,000.00
	Recoverable from Center Leader		261.00
	PF Recoverable	20,000.00	15,000.00
	Security and Other Deposits	32,200.00	13,250.00
	Office Rent Advance	8,150.00	1,500.00
	Advance Against Salary	3,090.00	6,885.00
	Service Tax Recoverable	109,228.58	27,857.93
	TDS on sweeping FDR	15,180.00	8,000.00
	Recoverable from ICICI Bank	21,207.00	
	Recoverable from Sa-dhan	24,999.00	204.00
	Advance to Professional & Other		
	Total	929,144.58	417,995.93
GL1	Other Liabilities		114,431.00
	Unpaid Salary	271,688.00	3,599.00
	Expenses Payable	351,620.00	269,888.00
	Bonus Payable	442,646.00	
	Staff Incentive Corpus	26,088.00	162,231.00
	Director Bonus Payable		103,150.00
	Director Remuneration Payable		
	Employee Welfare Contribution	108,227.50	56,100.00
	Loan Processing Fees Payable		45,331.00
	Surplus Collections	375.00	
	Total	1,200,644.50	754,730.00
GL2	Statutory Dues Payable	192,286.00	81,140.00
	P. F. Payable		24,468.00
	Service Tax Payable		150,000.00
	ROC Fees Payable	9,722.00	2,564.00
	T.D.S. Payable		45,000.00
	Legal & Filing Expenses Payable		
	Total	202,008.00	303,172.00

for VINAY KUMAR & CO.,
Chartered AccountantsAllahabad
Date:(NAVNEET AGRAWAL)
Partner
Membership No. 400504

for SONATA FINANCE PRIVATE LIMITED

(ANUP KUMAR SINGH)
Managing Director(RAKESH DUBEY)
Director

24 JUL 2008

SONATA FINANCE PRIVATE LIMITED

GROUPINGS TO ACCOUNTS FOR THE PERIOD ENDED ON MARCH 31, 2008

No.	PARTICULARS	March 31, 2008	March 31, 2007
GE1	Interest on Borrowings from Financial Institutions	1,575,616.00	139,773.00
	Interest Exp. on Bell Wether Loan	2,783,596.78	624,209.86
	Interest Exp. on HDFC Loan	2,745,905.44	527,248.02
	Interest Exp. on ABN-AMRO Loan	4,064,719.00	663,510.00
	Interest Exp. on FWWB Loan	1,806,963.01	176,300.77
	Interest Exp. on ICICI Loan	1,934,674.80	49,336.00
	Interest Exp. on AXIS Loan	810,252.00	209,488.00
	Interest Exp. on SIDBI Loan		
	Total	15,721,727.03	2,389,865.65
GE2	Computer Consumable, Printing and Stationary	410,548.00	153,666.00
	Printing & Stationery	38,649.50	17,227.50
	Photocopy	173,601.00	32,048.00
	Office Stationery	69,685.00	6,177.00
	Computer Stationery		
	Total	692,483.50	209,163.50
GE3	Statutory Expenses	211,105.00	154,650.00
	Service Tax	102,539.00	33,185.00
	P.F. Admin. Exp.	260,800.00	150,000.00
	ROC Fees		
	TDS		
	Total	574,444.00	337,835.00
GE4	Repairs & Maintenance	30,511.00	15,165.00
	Computer Hardware Repair	7,794.00	450.00
	Furniture & Fittings Repair	6,838.00	6,947.00
	Electric Equipment Repair	17,030.00	1,370.00
	Generator Maintenance Exp.	107,663.00	
	Office Maintenance Exp.		
	Total	169,836.00	23,932.00
GE5	Legal Expenses	116,487.00	108,270.00
	Legal & Filing Expenses		1,930.00
	ROC Late Fees Charges		2,552.00
	Interest Exp on FBT	639.00	8.00
	Interest on late payment of TDS		
	Total	117,126.00	112,760.00
GE6	Miscellaneous Expenses	12,314.50	4,339.00
	News Paper & Periodicals	92,413.00	33,049.00
	Fuel Expenses	10,373.00	14,758.00
	Generator Hiring & Running Expenses	244,457.50	125,695.00
	Other Expenses	1,374.00	1,715.00
	Books & Journal Expenses	78,032.00	15,242.00
	Fooding & Lodging Expenses	1,100.00	710.00
	Photograph & Film	7,140.00	2,890.00
	Freight and Transportation Cost	37,584.00	
	Micro Credit Rating Expenses	4,500.00	2,000.00
	Membership Fees	14,116.00	5,418.00
	Meeting Expenses	24,200.00	17,870.00
	Annual Function Expenses	23,717.00	
	Other Assets Insurance	25,350.00	
	Website Expenses	3,000.00	
	Conference Expenses		
	Total	579,671.00	223,686.00

for VINAY KUMAR & CO.,
Chartered Accountants

Allahabad
Date:



24 JUL 2008

for SONATA FINANCE PRIVATE LIMITED

(ANUP KUMAR SINGH)
Managing Director

(RAKESH BUBEY)
Director

GROUPINGS TO ACCOUNTS FOR THE PERIOD ENDED ON MARCH 31, 2008

No.	PARTICULARS	March 31, 2008	March 31, 2007
GE7	Personal Expenses		
	Salary	932,675.00	161,634.00
	Confirmed Officer Salary	2,404,542.00	885,525.00
	Confirmed Staff Salary	2,068,065.00	657,478.00
	Probationary Staff Salary	133,501.00	8,000.00
	Probationary Officer Salary	5,538,783.00	1,712,637.00
	Total		
	Allowances	2,431,754.00	748,380.00
	Retainership Allowance	13,517.00	
	Personal Pay Allowance	109,774.00	29,600.00
	Mobile Allowance	780,757.00	247,108.00
	PF Contribution	1,822,148.00	562,349.00
	Travel Allowance	20,455.00	12,440.00
	Acting Allowances	20,781.00	7,896.00
	Food Allowance	292,095.00	46,221.00
	Vehicle Maintenance Allowance	191,459.00	38,202.00
	Earn Leave Encashment	17,000.00	5,000.00
	Training Allowance	55,147.00	6,400.00
	Additional Allowance	612,771.00	156,122.00
	Medical Allowance	6,367,658.00	1,859,718.00
	Total		
GE8	Bonus	58,026.00	14,526
	Performance Linked Bonus	2,973,275.00	1,356,480
	Active Loan Client Bonus	314,138.00	205,238
	Average Bonus	3,345,439.00	1,576,244.00
	Total		
GE9	Travelling Expenditure	721,712.00	425,283
	Travelling Exp		28,806
	Auditors Travel & Other	721,712.00	454,089.00
	Total		
GE10	Director Remuneration	991,450.00	732,000
	Director Remuneration	565,416.00	13,725
	Director DSA	301,273.00	205,988
	Directors Travel	11,600.00	36,600
	Director EL Encashment	99,145.00	73,200
	Director HRA	181,186.00	82,597
	Director Fooding & Lodging Expenses	42,883.00	561,341
	Director Bonus	22,500.00	9,891
	Director Sitting Fees	2,215,453.00	1,715,342.00
	Total		

for VINAY KUMAR & CO.,
Chartered AccountantsAllahabad
Date:(NAVNEET AGRAWAL)
Partner
Membership No. 400504

for SONATA FINANCE PRIVATE LIMITED

(ANUP KUMAR SINGH)
Managing Director(RAKESH DUBEY)
Director

24 JUL 2008

SONATA FINANCE PRIVATE LIMITED

Cash Flow Statement for the year ended March 31, 2008

	31.03.2008 Rs.	31.03.2007 Rs.
(A) OPENING BALANCE OF CASH & CASH EQUIVALENTS		
Cash-in-Hand	44,158.00	
Balance with Scheduled Banks:		
- In Current Account	10,483,917.22	7,943,623.59
- In Fixed Deposits	9,750,000.00	500,000.00
TOTAL	20,278,075.22	8,443,623.59
(B) CASH FLOW FROM OPERATING ACTIVITIES		
Profit/(Loss) before Tax	651,076.37	(5,910,144.49)
Add: Non-Cash Adjustment for Non Cash Expenditure		
Depreciation & Amortisation	1,112,636.00	584,294.00
Bad Debts Written Off	10,475.00	-
Provision for Doubtful Debts	57,545.00	-
Operating Profit Before Working Capital Changes	1,831,732.37	(5,325,850.49)
Adjustments for:		
(Increase)/Decrease in Operating Assets		
Disbursement of loans to Womens in Self Help Groups	(181,301,325.00)	(46,676,254.00)
Other Advances and Current Assets	(1,221,720.42)	(1,534,165.34)
Increase/(Decrease) in Current Liabilities	1,441,709.50	778,346.38
CASH GENERATED FROM OPERATIONS	(179,249,603.55)	(52,757,923.45)
Less: Taxes Paid	66,868.00	38,966.00
NET CASH FLOW FROM OPERATING ACTIVITIES (B)	(179,316,471.55)	(52,796,889.45)
(C) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(1,924,773.00)	(771,039.00)
Premium amount Paid on Acquisition	(1,308,787.83)	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES (C)	(3,233,560.83)	(771,039.00)
(D) CASH FLOW FROM FINANCING ACTIVITIES		
[a] Cash Flow From Change in Capital Base		
- Proceeds from Issue of Equity Shares	12,271,660.00	7,500,000.00
- Proceeds from Issue of Preference Shares	15,000,000.00	5,000,000.00
- Premium on Issue of Equity Shares	15,928,340.00	-
- Increase/(Decrease) in Reserve Fund		(503.00)
Net Cash Inflow/(Outflow) from Change in Capital Base (a)	43,200,000.00	12,499,497.00
[b] Cash Flow From Change in Debt Fund		
Increase/(Decrease) in Secured Loan	140,338,810.66	45,309,459.08
Increase/(Decrease) in UnSecured Loan	6,452,024.00	7,593,424.00
Net Cash Inflow/(Outflow) from Change in Debt Fund (b)	146,790,834.66	52,902,883.08
NET CASH INFLOW FROM FINANCING ACTIVITIES (D) (a+b)	189,990,834.66	65,402,380.08
(E) Net Increase/(Decrease) in Cash & Cash Equivalents (B+C+D)	7,440,802.28	11,834,451.63
(F) CLOSING BALANCE OF CASH & CASH EQUIVALENTS (A+E)	27,718,877.50	20,278,075.22
CLOSING BALANCE		
Cash-in-Hand	307,558.00	44,158.00
DD-in-Hand	30,000.00	-
Balance with Scheduled Banks:		
- In Current Account	25,600,876.05	10,483,917.22
- In Fixed Deposits	1,780,443.45	9,750,000.00
TOTAL	27,718,877.50	20,278,075.22

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

Allahabad
June 21, 2008



(NAVNEET AGRAWAL)
Partner
Membership No. 400504

for SONATA FINANCE PRIVATE LIMITED

(ANUP KUMAR SINGH)
Managing Director

(RAKESH DUBEY)
Director

Audited Financial Statements for the year ended March 31, 2008

24 JUL 2008

SCHEDULE: K SIGNIFICANT ACCOUNTING POLICES AND NOTES ON ACCOUNTS:

1) NOTE ON BUSINESS ACTIVITIES:

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

2) SIGNIFICANT ACCOUNTING POLICIES:

a) Basis or preparation of financial statements

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

b) Revenue Recognition:

- (a) Interest on micro finance loans is recognized on accrual basis, calculated on a flat rate basis on the loans disbursed, as per the contract with the borrowers, following RBI Prudential norms for income recognition.
- (b) Income on **Non-performing assets, sub-standard** and **loss assets**, owned by the Company -
 - (1) is recognized only when realized and any interest already recognized but not received is de-recognized totally by reversing the interest income already recognized .
 - (2) Interest accruing on such assets is derecognized in the same manner in which provision for doubtful debt is made as per the norms specified by RBI Prudential Norms.
- (c) In respect of other income such as Income on the management of loan assets on behalf of other financial institutions, the same is taken on accrual basis, based on the lapse of time period and de-recognized when such asset turn into Non Performing Assets.



c) Fixed assets:

- (a) All fixed assets have been valued at cost inclusive of direct and incidental expenses related to acquisition.
- (b) Software purchased along with data processing equipment or software that are integral part for operating data processing equipments are capitalized, whereas other miscellaneous software acquired are charged to Income and Expenditure account for the year during which they are acquired.
- (c) Software is amortized at the same rate at which data processing equipments are depreciated.
- (d) Depreciation is provided on the assets based on Written Down Value method at the rate specified in the Schedule XIV to the Companies Act, 1956.
- (e) In respect of additions the depreciation is provided on proportionate basis for the period during which the assets are put to use.

d) Valuation of Closing Stock

Closing stock has been valued at cost

e) Classification of loan portfolio

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

- (a) All micro credit loans where installments of principal and interest remain overdue up to 4 weeks are classified as **Standard loans**,
- (b) All micro credit loans where installments of principal and interest remain overdue beyond 4 weeks and up to 25 weeks are classified as **Sub Standard Loans**,
- (c) All micro credit loans where installments of principal and interest remain overdue beyond 25 weeks and up to 50 weeks are classified as **Doubtful loans**.
- (d) All micro credit loans where installments of principal and interest remain over due for 50 weeks from the date of expiry of loan period and where possibility of recovery is remote in the assessment of the management, are classified as **Loss assets** and are written off in income and expenditure account, when approved by the Board of Directors.

f) Provision for Loan losses:

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

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

Classification of portfolio		% of provision on Loan outstanding
Standard Loan	(Overdue between 1-4 installments)	10
Sub-Standard Loan		25
Doubtful Loans		50
Loss Assets		100



Audited Financial Statement for the Year Ended on March 31, 2008

g) Employee Benefits:

- (a) Contribution to Provident Fund is accounted on actual liability basis and paid.
- (b) Leave Cash Encashment liability arising for the year is provided.

h) Infrastructure acquisition expense* This represents fees for acquisition of infrastructure paid to Jeevika Livelihood support Organization. This expenditure is being amortized on straight-line basis as per the accounting policy of the company and shall be fully amortized over 5 years.

i) Preliminary and pre-operative expenditure:

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

j) Deferred Tax

- (a) In accordance with the Accounting Standard-22, Accounting for Taxes on Income, the company provided for deferred tax assets/liability for all temporary differences that arise in one accounting year and are capable of reversal in subsequent accounting year.
- (b) As a prudent policy, any deferred tax asset/liability is considered and accounted for in the books.

3) NOTES TO BALANCE SHEET, INCOME AND EXPENDITURE ACCOUNT

a) Shareholders' Details

The shareholding pattern of the Company is as given below:

Shareholders	% Ownership as On March 31, 08	% Ownership as On March 31, 07
Promoters & Directors	6.63%	6.77%
Individual (Swami Nathan Aiyar)	6.60%	4.50%
Bellwether Micro Finance Fund	86.77%	88.73%
Total	100%	100%

b) Conversion of Preference Share Capital

During the year 5 Lacs Preference Shares of Rs. 10 each amounting to 50 lacs were converted into 425,000 Equity Shares of Rs. 10 each at a premium of Rs. 1.765 per share amounting to Rs. 11.765 per share.

c) Reserve and Surplus

- (a) Statutory Reserve: This represent 20% of the profit after tax, set apart during the year as per the provisions of section 45-IC of the Reserve Bank of India Act, 1934.



the ordinary course of business at least equal to the amount at which they are stated in the Financial Statements after adjustment for loan loss provision provided during the year.

h) Managerial Remuneration and Other Expenses:

Particulars	Rs	
	Year ended	
	March 31, 2008	March31, 2007
a) Managerial Remuneration	991,450	732,000
b) Directors' Sitting fees	22,500	9,891
c) Directors Traveling and Other Expenses	1,201,503	973,451

i) Auditors' Remuneration and Other Expenses

Particulars	Rs	
	Year ended	
	March 31, 2008	March31, 2007
a. Audit Fees	56,180	33,672
b. Taxation and other services	5,636	Nil
Total	61,816	33,672

j) Foreign Currency Earnings and Outgo: There is no foreign exchange transaction during the year

k) Segment Reporting: The Company's sole business segment is micro financial services and the principal geographical segment is India. Accordingly, no separate disclosure is required to be made under Accounting Standard 17, Segment Reporting as issued by the Institute of Chartered Accountants of India.

4) MISCELLANEOUS:

- Additional information pursuant to paragraph 4-C and 4-D of Part B to Schedule VI of the Companies Act, 1956 – None other than stated above.
- No amount is due to any small-scale industrial undertaking by the Company.
- Balance sheet abstract and Company's general business profile, pursuant to Part IV to Schedule VI is separately attached.
- Previous period figures have been regrouped and rearranged wherever necessary for appropriate and better presentation of the financial statements.

for **VINAY KUMAR & CO.,**
Chartered Accountants
Allahabad
Date: **24 JUL 2008**
(**NAVNEET AGRAWAL**)
Partner
Membership No. 400504

for **SONATA FINANCE PRIVATE LTD**
(**ANUP KUMAR SINGH**)
Managing Director
(**RAKESH DUBEY**)
Director

d) Deferred Tax Assets

	Year ended March 31,	
	2008	2007
Opening Balance	19,88,624	513,930
(i) Deferred Tax Assets	-	14,74,694
(ii) Deferred Tax Liability	(2,71,891)	-
Closing Balance of Deferred Tax Assets	17,16,733	19,88,624

e) Micro Loans and Provision thereon**1. Analysis of Portfolio:**

Business Pattern:				<i>Rs. In lacs</i>
S.No.	Particulars	March 31, 2008	March 31, 2007	Growth %
1	Advances Outstanding (Owned) *	2317.52	501.35	362%
2	Advances outstanding (managed on behalf of other financial institutions)*	NIL	NIL	NIL
	Total Business*	2317.52	501.35	362%
3	Security Deposits against loans	N.A.	N.A.	N.A.

*No lending has been made to sensitive sectors like, Capital Market, Investment in Shares and Real Estate.

2. Sector wise Classification of Advances (only owned Loans):				<i>Rs Lacs</i>
Product	March 31, 2008		March 31, 2007	
Priority Sector:		%		%
Self-Help Groups – General Purpose	2310.63	99.71%	498.30	99.39%
Micro-entrepreneur Loans	0	0%	0	0%
Total (a)	2310.63	99.71%	498.30	99.39%
Non-Priority Sector:				
Vehicles (Staff)	3.80	0.16%	1.91	0.38%
Personal Loans to staff	3.09	0.13%	1.14	0.23%
Total (b)	6.89	0.29%	3.05	0.61%
Total (a+b)	2317.52	100%	501.35	100%

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

f) Non Performing Assets:

Status on Movement:

Particulars	March 31, 2008	Additions	Recoveries	March 31, 2007
Gross NPAs	1,08,455	1,08,455	Nil	Nil
Provision	53,280	53,280	Nil	Nil
Net NPAs			Nil	Nil

g) Other than the above in respect of all other assets, in the opinion of the Board of Directors, the loans and advances including loans in arrears have a value on realization in

Vinay Kumar & Co.

CHARTERED ACCOUNTANTS

Chandra Shekhar Azad Market Complex, 5 Sardar Patel Marg,

Civil Lines, Allahabad - 211 001, India

Phones office hours : 91-0532-2601602, 2601839, Fax : 91-0532-2601839

After Office hours : 91-0532-2610780, 2601421, 2400920

E-mail : vinkuma@sancharnet.in; vinaykumarandco@gmail.com; agvinay@hotmail.com

AUDITOR'S REPORT

We have audited the attached Balance Sheet of **M/s SONATA FINANCE PVT. LTD.**, having its registered office at 1/1A, Rai Bahadur Ram Charan Das Road, Balrampur House, Allahabad as at 31st MARCH, 2008 and the Profit and Loss Account of the company for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our liability is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors Report) Order 2003 issued by the Central Government in terms of section 227(4A) of the companies Act, 1956, we enclose in Annexure a statement on the matter specified in paragraph 4 and 5 of the said order.
2. Subject to our observation in the Annexure referred to above we further report that :
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b. In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of the books of account of the company.
 - c. The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
 - d. In our opinion none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of



clause (g) of subsection (1) of section 274 of the Companies Act, 1956.

- e. In our opinion and to the best of our information and according to the explanations given to us the said accounts together with the statement of Accounting Policies and Notes on Accounts, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
3. In the case of the Balance Sheet of the state of affairs, of the companies as at 31st MARCH, 2008 and;
4. In the case of Profit and Loss Account of the PROFIT for the half year ended on that date.



for VINAY KUMAR & CO.
Chartered Accountants

(NAVNEET AGRAWAL)
Partner
M No. 400504

Place: Allahabad
Date: JULY 24TH 2008

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

1. (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. The company is in the process of updating the particulars of additions of fixed assets pertaining to the year under review.
- (b) The fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) As per the records of the company, it has not disposed off substantial part of fixed assets during the year so as to affect the going concern status of the company.
2. The company is in the business of financing and hence it does not hold any Finished Goods, Stores, Spare Parts and Raw materials.
3. (a) The company has not granted loans to parties covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. NIL and the year-end balance of loans granted to such parties was Rs. NIL and hence relevant sub clause (b), (c) and (d) in this respect are not applicable.
- (b) The company has taken loans from one party covered in the Register maintained under Section 301 of the Companies Act, 1956. The maximum amount involved during the period was Rs.4,00,00,000.00 and the balance as on 31.03.2008 of loans taken from such party was Rs. NIL ;
- (c) In our opinion, the rate of interest and other terms and conditions on which loans have been taken from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company; and
- (d) The loan taken from parties as referred in Clause 3(b) above was converted into Preference and Equity Shares.
4. In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the company and the nature of its business.



5. (a) In our opinion and according to the information and explanations given to us there are no contracts and arrangements referred to in section 301 of the Act which need to be entered in the Register required to be maintained under that section except the transactions as specified under clause 3.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs with such party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The Company has not accepted any deposits from the public and consequently, the directives issued by the Reserve Bank of India, the provisions of Sections 58A, 58AA, or any other relevant provisions of the Companies Act, 1956 and the rules framed there under are not applicable.
7. In our opinion, the internal audit system of the company is commensurate with its size the nature of its business.
8. According to the information and explanations given to us, the cost records under section 209 (1) (d) of the Companies Act, 1956 is not applicable to the company. Accordingly clause 4 (viii) of the order is not applicable.
9. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the company has been regular in depositing with appropriate authorities although with slight delays, as at the year end there were no undisputed statutory dues including provident fund, income tax, service tax, cess etc.
- (b) According to the information and explanations given to us, no undisputed dues payable in respect of income-tax, wealth tax, service tax and cess were outstanding at 31st March 2008 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues in respect of income tax, wealth tax and cess that have not been deposited with the appropriate authorities on account of any dispute.



10. The company has accumulated losses at the end of the period which is less than 50% of its net worth however during the year the company has made profits.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank and has not issued any debentures.
12. The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4 (xii) of the order is not applicable.
13. The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly, clause 4 (xiii) of the order is not applicable.
14. The Company has generally kept adequate records of its transactions in securities, debentures and other investments and timely entries have been made therein. All the shares and securities owned by the company are held in the Company's name.
15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions. Accordingly, clause 4(xv) of the order is not applicable.
16. In our opinion, the term loans have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
18. The company has made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act and the price at which the shares were issued is not prejudicial to the interest of the company.
19. The company has not issued any debentures. Accordingly, clause 4 (xix) of the order is not applicable.
20. The company has not raised any money by public issues during the year. Accordingly, clause 4 (xx) of the order is not applicable.



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



for VINAY KUMAR & CO.
Chartered Accountants

(NAVNEET AGRAWAL)
Partner
M No. 400504

Place: Allahabad
Date: JULY 24TH 2008

1. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government in terms of section 127(4A) of the Companies Act, 1956, we enclose in Annexure A statement on the matters specified in paragraph 4 and 5 of the said order.

2. Subject to our observation in the Annexure referred to above we further report that:

- 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.
- In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of the books of account of the company.
- The Balance Sheet and the Profit and Loss Account dealt with by this report are in agreement with the books of account.
- In our opinion none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of