SONATA SOFTWARE SOLUTIONS LIMITED
Regd. Office:208, T V Industrial Estate, 2nd Floor, S. K. Ahire Marg, Worli Mumbai - 400030
CIN : U72900MH2020PLC338150
Email: investor@sonata-software.com

BOARD'S REPORT

Dear Members,

The Directors have pleasure in presenting before you the First Boards Report of your company along with the Audited Financial Statements, for the financial year ended 31st March 2021.

1. FINANCIAL SUMMARY: (₹ in Lakhs)

Particulars	As at the end of current reporting period (31.03.2021)
Total Income	**2,914**
Total Expenses	**1,968**
EBITDA	**976**
Depreciation & Amortization Expense	**-**
Finance Cost	**15**
Profit before Tax	**961**
Provision for Tax (Net)	**-**
Profit after Tax	**961**
Earnings in ₹ per share	**961.31**

2. DIVIDEND/ TRANSFER TO RESERVES

Considering that this is a first year of operation and need of funds for operations the Board of Directors of the Company have not recommended any dividend for the financial year 2020-21.

The Company has not transferred any amount to the Reserves for the Financial Year ended 31st March 2021.

3. BUSINESS PERFORMANCE AND STATE OF AFFAIRS:

The Company was incorporated on 24th February, 2020 and commenced its commercial operations on 26th February, 2020 The Company is engaged in the business of delivering IT services and software solutions to its customers across the globe including the US, Europe, Middle-East, Asia - Pacific, Australia and New Zealand. Besides, the Company also distributes and re-sells products from global technology companies present in India.

The Company has achieved a Total Revenue of ₹ 2,914 Lakhs, Net Profit of ₹ 961 Lakhs and an Earning Per Share (EPS) of ₹ 961.31 in the Financial Year under review. There has been no change in the business of the Company during the financial year ended 31st March, 2021.

The COVID-19 pandemic developed rapidly into a global crisis, forcing governments to enforce lock-downs of all economic activity. For the Company, the focus immediately shifted to ensuring the health and well-being of all employees and on minimizing disruption to services for all our customers. Hence, the COVID-19 outbreak has become a global pandemic moving from an emerging risk to becoming a principal risk for the business. Your Directors are constantly reviewing the situation and is making all attempts to mitigate the adverse effects of the pandemic and to stay focused on growth.

Your Directors are happy to report that despite prevailing adverse situation your Company has posted encouraging results for the Financial Year that ended on 31stMarch, 2021.

4. MATERIAL CHANGES AND COMMITMENT, IF ANY:

No material changes or commitments affecting the financial position of the Company occurred between the end of the Financial Year and date of this Report.

5. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Disclosure of information pursuant to Section 134 (m) of the Companies Act, 2013, relating to Conservation of Energy and Technology Absorption and foreign exchange earnings and outgo are as follows.

A. CONSERVATION OF ENERGY:

Though your Company does not have energy intensive operations, every endeavour has been made to ensure the optimal usage of energy, avoid wastage and conserve energy.As the cost of energy consumed by your Company forms a very small portion of the total costs, the financial impact of these measures is not material.

B. TECHNOLOGY ABSORPTION:

During this Financial Year also, your Company continued its focus on new technology areas like Mobility, Cloud and Analytics and focused on Cloud SI, security SI & Own IP businesses in the Indian market.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings	Nil
Foreign Exchange Outgo	Nil

6. RISK MANAGEMENT POLICY:

Your Company shares a group Risk Management Policy formulated and adopted by Sonata Software Limited (Holding Company). The Risk Management practices seek to sustain our long term vision and mission. The Risk Management Policy, inter alia, includes identification therein of elements of risk, including those which in the opinion of the Board may threaten the existence of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the organisation.

7. CORPORATE SOCIAL RESPONSIBILITY:

The provisions of Companies(Corporate Social Responsibility Policy) Rules were not applicable to the Company during the year.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not made any loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

All related party transactions are placed on a quarterly basis before the Board for approval.

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) – details provided in format AOC-2 as **Annexure I.**

10. QUALITY MANAGEMENT:

Your Company has been focusing on enhancing customer satisfaction and operational effectiveness by adopting industry best practices and standards.Your Company continues its efforts to sustain and enhance customer satisfaction.

11. HUMAN RESOURCES MANAGEMENT:

Your Company was part of the following activities during 2020-21:

- Connect programs and virtual employee engagement activities provided the much-needed motivation and good vibes in the situation that unfolded in the first quarter. In the new remote working scenario, enthusiastic and positive communication was paramount. We have had an array of virtual 'Fun at work' games and activities conducted for teams across geographical locations. The teams and families caught on and had fun at virtual dance and yoga sessions.
- The entire organization had to quickly move to a WFH model and being able to communication effectively in the virtual environment became highly important. We believe that effective communication helps create a World class customer and Sonatian experience. We had over 300 enthusiastic participants in the Webinar conducted to make this transition seamless- **"Communicate effectively in Virtual environment"**.
- As the world rapidly moved towards digital transformation, it was imperative to bring ourselves up to speed and up-skill. We launched the Unified Engineer Development plan to support our Platformation™ agenda.
- The Leaders' Ideation Forum (LIF) is a digitally hosted platform connecting leaders of Sonata across our various locations. The forum is one of our many initiatives to enhance communication, ideate on solutions, solve problems, and make consensus-based decisions aligning to our ethos of one culture, one team and one mission. Virtual LIFs were hosted which included Sonatians from various locations in India. The theme for the session was "Ideas, best practices for ensuring World Class delivery while remote working."
- **Competency Town Hall:**
  Various Town Halls were organized for different competency groups where leadership shared updates focusing on business perspectives in the current context and the opportunities ahead. The Town Hall communicates to the team on critical aspects of business and ensures alignment to common purpose and goals of the organization.
- All Hands meeting is a key element of our communication and culture. Working remotely didn't stop us from enhancing the frequency or quality of our All Hands meetings. Virtual All-hands meeting was organized for our accounts. These sessions held more importance than

ever, as it brought together teams working across different locations & shifts. These meetings gave an opportunity for Sonatians to receive important account level updates as well as raise clarifications with senior management.

- One key account All Hands Meet - **#CONVOKE**; it was a confluence of thoughts & experience. Leadership used the opportunity to celebrate together achievements and success of account.
- **Virtual Independence Day celebrations** were organized and we had an overwhelming response by the participants. There was singing, playing of musical instruments, dancing and showcasing of artwork by the employees and their children as a part of the talent show along with Independence Day Trivia conducted for the participants.
- To enable Sonatians to give the best in class experience to clients and to each other through communication, we launched BSI (Behavioural skill initiative) on LMS. Over 750 Sonatians enrolled and participated.
- The first Sonata Scalable Joint Leadership Update meeting was conducted with over 60 participants, to bring the two teams closer and enhance connect. Better leverage the strengths of Sonata and Scalable group members for business growth.
- **Ask CEO** is a platform to share your ideas, suggestions, feedback and strategy approaches giving you direct access to connect with me. Urge employees to use the platform to share feedback/suggestions on Platformation™ as a mainstream, Creating World Class Experience and World Class Sonatian Experience.
- The pandemic did not dissuade Sonata's Toastmasters from connecting with one another and improving their leadership skills virtually. Each week the club convened to speak on themes such as Welcome to my Cubicle / WFH, Enjoy little things in Life, One Truth / One Lie, Engineers in Us etc.
- Virtual events, all-hands meets and on-boarding continued in Q3 in our endeavour to keep the teams aligned and engaged. Virtual all-hands provided scope for sharing business updates and celebrate employee achievements & milestones.
- Let's Connect meetings were organized for our strategic accounts. The forum provides scope for the Delivery leadership & HR to give a huge shout out to all our top performers by handing over DNA awards.
- **GBW Virtual Events**: Sonata - GBW Virtual events across Australia, UK, Malaysia, Japan, China and India gave a chance to the GBW global employees, along with the Sonata HR team members to gather and celebrate Excellence Awards, DNA Awards and Service Recognition Awards. Grant Salmon, CEO, GBW provided latest GBW business updates, latest business wins, and information on the integration progress between GBW - Sonata team. The regional teams also shared moments in their lives along with key reflections.
- **c.o.n.v.e.r.s.a.t.i.o.n.s:** Is a unique format informal chat sessions, where our CEO speaks to Sonatians who he usually does not meet during his day to day interactions. These conversations enable us to engage with our employees in locations across the world including India, Europe, US and UK - allowing us to be truly global, share expectations, foster thoughts and ideas - all leading to alignment to a greater cause and better understanding of the core purpose of the organization.
- **Recognition of team that has created a World Class Client Experience through Excellence in Delivery**: The team's greatest challenge this time came in the form of building trust in a client. Putting its best foot forward, it took the team many thoughtfully designed interactions and meetings to win trust and establish a bond. As the project was rolled out, it was very clear that the team had exceeded all expectations in making impact with the client. The team overcame several technical challenges and arrived at solution by building a platform that has multiple features, as a one stop solution providing seamless integration with the client's internal systems and external APIs!

- **Learning and development:** At Sonata, we are working towards nurturing an environment of life-long learning focused on career and individual growth – transforming the Learning function to Unified Learning and Development.
- **FLEX** (**F**ocused **L**earning **Ex**periences), a Leadership Development Journey for the new normal was launched for aspiring and current leaders. The sessions are aligned to the current business needs of leadership and digital roles of Digital DM/PM and Architect, enabling leaders to deliver World Class Client and Sonatian Experience in line with the Growth Agenda.
- **Unified Digital Architect** program was launched aiming to train 25 Digital Architects by June 2021 for deployment. This would support our Platformation agenda.
- **NASSCOM Future Skills B2C** group was launched for all Sonatians in India. A platform access that would contribute to building a learning culture by providing access to industry level curated knowledge content from SMEs in latest areas of Digital, Leadership and Professional skills.
- We launched **SonataOne,** Sonata's new integrated & modern HR platform for employees to self-transact and complete various tasks such as Generate the employee certificates such as Address Proof, employment certificate, apply & track leaves, recognise colleagues, view Personal data, submit time sheets, claim travel and expense reimbursements etc.

12. QUALIFICATIONSIN AUDIT REPORT:

There are no qualifications, reservations or adverse remarks in the Statutory Auditor's Report for the year under review.

13. DETAILS OF FRAUD REPORT BY AUDITORS:

There were no frauds reported in the Statutory Auditor's Report as required under Section 143(12) of the Companies Act, 2013 and Rules framed thereunder.

14. QUALIFICATION, RESERVATION OR ADVERSE REMARK OR DISCLAIMER MADE BY THE AUDITOR IN THEIR REPORT

There were no qualifications, reservations or adverse remarks made by the Auditors in their report to the Members for the financial year ending March 31, 2021.

15. ANNUAL RETURN:

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the annual return as at March 31, 2021 on its website at https://www.sonata-software.com/about-us/investor-relations.

16. BOARD MEETINGS:

The Board of Directors of your Company met 5 (Five) times during the financial year under review. The Board Meetings were held on 24thFebruary 2020, 12thMarch 2020, 10th July 2020, 5th November 2020 and on 1st February 2021.

The names of the Members of the Board and their attendance for the Board Meetings are as under:

Name of Director	No. of BoardMeetings	
	Eligible	Attended
Madhavi Srinivas Chalasani	5	5
Jagannathan Chakravarthi Narasimhan	5	5
Subramanya Narasimha Raju Pusapati Venkata	5	5

17. DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submit its responsibility Statement:

a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
b. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

c. the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

d. the directors had prepared the annual accounts on a going concern basis;

e. the Company being unlisted, sub clause (e) of section 134(5) of the Companies Act, 2013 pertaining to laying down internal financial controls is not applicable to the Company; and

f. the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. PARTICULARS OF EMPLOYEES:

Information as required under the provisions of Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is not applicable to your Company.

19. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES:

Your Company does not have any Subsidiary, Joint venture or Associate Company during the year under review.

20. DEPOSITS:

Your Company has not accepted or renewed any deposits during the year under review.

21. DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP):

Mr. Jagannathan C N (DIN: 08255902) Director, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM). Brief profile of Mr. Jagannathan C N is given in the notes to the Notice of the ensuing AGM.

The Company is not mandatorily required to appoint any whole time KMPs.

The Current composition of the Board comprises the following:

DIN	Name of the Director	Designation	Date of Appointment
03420288	Madhavi Srinivas Chalasani	Director	24/02/2020
08255902	Jagannathan Chakravarthi Narasimhan	Director	24/02/2020
08708602	Subramanya Narasimha Raju Pusapati Venkata	Director	24/02/2020

None of the Directors is disqualified to be a director of a company under the provisions of Section 164 of Companies Act 2013 read with Rule 14 of Companies (Appointment and Qualification of Directors) Rules 2014. All the Directors have given a declaration to that extent in Form DIR-8.

22. DECLARATION OF INDEPENDENT DIRECTORS:

The provisions of Section 149 requiring appointment of Independent Directors do not apply to the company.

23. INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

24. STATUTORY AUDITORS:

Deloitte Haskins & Sells (Firm Registration no: 008072S), Chartered Accountants,was appointed the Board as the first auditors of the Company to hold office until the conclusion of the First Annual General Meeting and that the said Firm being eligible for appointment as auditors is recommended to be appointed as auditors of the Company for a term of five years from the conclusion of- the 1st Annual general meeting to the conclusion of 6th Annual general meeting to be held in the calender year 2026.

25. AUDIT COMMITTEE:

The provisions of Section 177 of the Companies Act, 2013 read with relevant Rules of the Companies (Meetings of the Board and its Powers) Rules, 2013 are not applicable to the Company.

26. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS AND TRIBUNALS:

No significant and material order has been passed by the regulators, courts, tribunals impacting the going concern status and Company’s operations in future.

27. SECRETARIAL AUDITORS:

The provisions of Section 204(1) of Companies Act, 2013 read with rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not applicable to the Company.

28. VIGIL MECHANISM AND SEXUAL HARRASMENT POLICY:

Your Company shares a group Vigil Mechanism policy formulated and adopted by Sonata Software Limited (Holding Company). This policy provides a secure framework to report genuine concerns about unethical behaviour, actual or suspected fraud, theft, bribery, misappropriation of Company funds, financial reporting violations, misuse of intellectual property, mismanagement, significant environmental, safety or product quality issues, discrimination, actual or potential conflicts of interest, violation of Company's rules, Company's policies or violation of Code of Conduct of your Company. The said policy has been communicated to the employees.

Sonata Software Limited (Holding Company) has formulated and adopted a policy on 'Prevention of Sexual Harassment' which is in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. This policy extends to your Company and through this policy, complaints are monitored by a committee duly constituted for protection against victimisation. No complaints were received under this policy during the Financial Year 2020-21.

29. COST RECORDS AND COST AUDIT:

The provisions of Companies (Cost Records and Audit) Rules, 2014 are not applicable to your Company.

30. SECRETARIAL STANDARDS:

Your Company has complied with the provisions of the Secretarial Standards 1 and 2, which were issued by the Institute of Company Secretaries of India.

31. ACKNOWLEDGEMENTS:

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from all its clients, vendors, bankers, financial institutions, business associates, advisors, and various Regulatory and Government Authorities. Your Directors also take this oppurtunity to thank all its shareholders and stakeholders for their continued support and confidence reposed on your Company. Also, the Directors wish to place on record the dedicated and sincere services rendered by all the employees of your Company.

FOR AND ON BEHALF OF THE BOARD

Place: Bengaluru
Date: 11th May, 2021

JAGANNATHAN CHAKRAVARTHI NARASIMHAN
DIRECTOR
DIN : 08255902

MADHAVI SRINIVAS CHALASANI
DIRECTOR
DIN : 03420288

Particulars of contracts / arrangements made with related parties
(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 - Form AOC-2)

1) **Details of contracts or arrangements or transactions not at arm's length basis:**
There was no Contract / arrangement / transaction entered into during the Financial Year ended 31st March 2021, which was not at arm's length basis.

2) **Details of material contracts or arrangement or transactions at arm's length basis:**

₹ in lakhs

Name of the Related Party	**Sonata Software Limited**	**Sonata Software North America Inc.**	**Sonata Europe Limited**	**Sonata Software FZ LLC**	**Interactive Business Information Systems Inc.**	**Scalable Data Systems Pty Ltd**	**Sopris Systems LLC**
Nature of Relationship	Holding Company	Fellow Subsidiaries	Fellow Subsidiaries	Fellow Subsidiaries	Fellow Subsidiaries	Fellow Subsidiaries	Fellow Subsidiaries
Nature of Contracts/ Arrangements/ Transactions:							
Revenue from software product and licenses	553	2,070	208	26	10	9	27
Software project fees	25	-	-	-	-	-	-
Inter- corporate deposit taken	505	-	-	-	-	-	-
Inter- corporate deposit repaid	546	-	-	-	-	-	-
Interest on inter-corporate deposit paid	13	-	-	-	-	-	-

Notes:

1) Duration of the above Contracts / Arrangements / transactions are all ongoing contracts.
2) Salient terms of the Contracts or arrangements or transactions above mentioned are all based on transfer pricing guidelines.
3) Appropriate approvals have been taken for these Related Party Transactions.
4) Advances paid have been adjusted against billings, wherever applicable.

FOR AND ON BEHALF OF THE BOARD
SONATA SOFTWARE SOLUTIONS LIMITED

Place: Bangalore
Date: 11th May 2021

JAGANNATHAN CHAKRAVARTHI NARASIMHAN
DIRECTOR

MADHAVI SRINIVAS CHALASANI
DIRECTOR
DIN : 03420288

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SONATA SOFTWARE SOLUTIONS LIMITED
Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **SONATA SOFTWARE SOLUTIONS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the period from February 24, 2020 to March 31, 2021, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, its cash flows and the changes in equity for the period from February 24, 2020 to March 31, 2021.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's report and Management discussion and analysis, but does not include the financial statements and our auditor's report thereon.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the period is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins and Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Gurvinder Singh
Partner
(Membership No. 110128)
UDIN: 21110128AAAACA2264

Place: Bengaluru
Date: May 11, 2021

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sonata Software Solutions Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the period from February 24, 2020 to March 31, 2021.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins and Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Gurvinder Singh
Partner
(Membership No. 110128)
UDIN: 21110128AAAACA2264

Place: Bengaluru

Date: May 11, 2021

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the period by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, the Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under the clause 3(i)(c) of the Order is not applicable to the Company.

(ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable to the Company.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence reporting under clause 3(iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the period and does not have any unclaimed deposits and hence reporting under clause 3(v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 and hence reporting under clause 3(vi) of the Order is not applicable to the Company.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service tax, Customs Duty, Cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.

(c) There were no disputed amounts payable in respect of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2021.

(viii) The Company has neither taken any loans or borrowings from government or has not issued any debentures. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3(ix) of the Order is not applicable to the Company.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the period.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable to the Company.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the period the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the period the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins and Sells**
Chartered Accountants
(Firm‘s Registration No. 008072S)

Gurvinder Singh
Partner
(Membership No. 110128)
UDIN: 21110128AAAACA2264

Place: Bengaluru
Date: May 11, 2021

SONATA SOFTWARE SOLUTIONS LIMITED
Balance Sheet as at March 31, 2021

	Note No.	₹ in Lakhs As at March 31, 2021
ASSETS		
Non-current assets		
Property, plant and equipment	**3**	12
Capital work-in-progress		1
Deferred tax assets (net)	**15**	168
Other non-current assets	**4**	60
Total non-current assets		**241**
Current assets		
Financial assets	**5**	
Trade receivables	**5.1**	1,252
Cash and cash equivalents	**5.2**	-
Other current assets	**6**	35
Total current assets		**1,287**
Total assets		**1,528**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	**7**	1
Other equity	**8**	961
Total Equity		**962**
LIABILITIES		
Current liabilities		
Financial liabilities		
Borrowings	**9**	180
Trade payables	**10**	
Total outstanding dues of micro enterprises and small enterprises		1
Total outstanding dues of creditors other than micro enterprises and small enterprises		157
Other financial liabilities	**11**	161
Other current liabilities	**12**	25
Provisions	**13**	8
Current tax liabilities (net)	**14**	34
Total current liabilities		**566**
Total equity and liabilities		**1,528**

See accompanying notes to the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm registration no. 008072S)

For and on behalf of the Board of Directors

Gurvinder Singh
Partner
(Membership No. 110128)

P V S N Raju
Director

Jagannathan C N
Director

Place : Mumbai
Date : May 11, 2021

Madhavi Srinivas
Director

SONATA SOFTWARE SOLUTIONS LIMITED
Statement of Profit and Loss from February 24, 2020 till period ended March 31, 2021

	Note No.	₹ in Lakhs For the period from February 24, 2020 to March 31, 2021
Revenue	**16.1**	2,930
Other income	**16.2**	(16)
Total income		**2,914**
EXPENSES		
Employee benefit expense	**17**	1,488
Finance costs	**18**	15
Other expenses	**19**	450
Total expenses		**1,953**
Profit before tax		**961**
Tax expense		
Current tax expense		168
Deferred tax		(168)
Net tax expense		**-**
Profit for the period		**961**
Other Comprehensive Income		
1 (a) Items that will not be reclassified to profit/(loss)		-
(b) Income tax relating to items that will not be reclassified to profit/(loss)		-
		-
Total Comprehensive Income		**961**
Earnings per share - (on ₹ 10 per share)	**27**	
Basic and Diluted ₹		**9613.08**

See accompanying notes to the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm registration no. 008072S)

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 11, 2021

For and on behalf of the Board of Directo

P V S N Raju
Director

Jagannathan C N
Director

Madhavi Srinivas
Director

Cash Flow Statement from February 24, 2020 till period ended March 31, 2021 ₹ in Lakhs

		For the period from February 24, 2020 to March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax		**961**
Adjustments for :		
Finance costs		15
Unrealized foreign exchange gain (net)		(16)
Operating cash flows before movements in working capital		**960**
Adjustments for :		
Decrease/(increase) in trade receivables		(1,252)
Decrease/(increase) in other financial assets non-current		(60)
Decrease/(increase) in other current assets		(35)
(Decrease)/increase in trade payables		158
(Decrease)/increase in other financial liabilities		161
(Decrease)/increase in other current liabilities		25
(Decrease)/increase in provisions		8
Net cash flow used in operating activitites before taxes		**(35)**
Income taxes paid, net of refunds		(134)
Net cash (used in)/ Provided by operating activities	**(A)**	**(169)**
Net cash from operating activities after exceptional items		
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment, including intangible assets, capital work-in-progress and capital advances		(13)
Net cash flow used in investing activities	**(B)**	**(13)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds received from issue of shares		1
Received as Inter-corporate borrowings from Holding Company - Unsecured		726
Repayment of Inter-corporate borrowings to Holding Company - Unsecured		(546)
Interest paid on ICD		(15)
Net cash flow used in financing activities	**(C)**	**166**
Net decrease in cash and cash equivalents	**(A+B+C)**	**(16)**
Opening Cash and cash equivalents		-
Exchange difference on translation of foreign currency Cash and cash equivalents.		16
Closing Cash and cash equivalents		**-**
Balances with banks		
In current accounts		-
		-

See accompanying notes to the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm registration no. 008072S)

For and on behalf of the Board of Directors

Gurvinder Singh
Partner

P V S N Raju
Director

Jagannathan C N
Director

Place : Mumbai
Date : May 11, 2021

Madhavi Srinivas
Director

SONATA SOFTWARE SOLUTIONS LIMITED
Statement of changes in equity for the period ended March 31, 2021

(a) Equity share capital	**₹ in Lakhs**
Balance as at February 24, 2020 (date of incorporation)	**-**
Add: Shares issued on incorporation of the company	1
Balance as at March 31, 2021	**1**

(b) Other equity ₹ in Lakhs

Particulars	Reserves and Surplus (Refer Note 8)	Items of Other Comprehensive Income (Refer Note 8)	Total Other Equity
	Retained Earnings	Remeasurement of the defined benefit plans	
Balance as at February 24, 2020 (date of incorporation)	**-**	**-**	**-**
Profit for the period	961		961
Other comprehensive income (net of tax)		-	-
Total comprehensive income for the period	**961**	**-**	**961**
Balance as at March 31, 2021	**961**	**-**	**961**

See accompanying notes to the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells
Chartered Accountants
(Firm registration no. 008072S)

Gurvinder Singh
Partner

P V S N Raju
Director

Jagannathan C N
Director

Place : Mumbai
Date : May 11, 2021

Madhavi Srinivas
Director

1 COMPANY OVERVIEW

Sonata Software Solutions Limited ("SSSL" or the "Company") is a Company primarily engaged in the business of providing Information Technology Services and Solutions to its customers in the United States of America, Europe, Middle East, Australia and India.

The Company is a public limited company incorporated on Feb 24, 2020 and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. The financial statements are approved for issue by the Company's Board of Directors on May 11, 2021.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

b. Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair value at end of the reporting period, as explained in the accounting policies below.

c. Use of judgement, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of financial statement and the reported amounts of income and expenditure during the reported year. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Income taxes

The Company's major tax jurisdictions is India. Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. In assessing the realizability of deferred income tax assets, management considers whether some portion or all of the deferred income tax assets will not be realized. The realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax liabilities, projected future taxable income and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, management believes that the company will realize the benefits of those deductible differences. The amount of the deferred income tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.

ii) Depreciation and amortisation

Depreciation and amortisation is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

iii) Other estimates

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

iv) Estimation of uncertainties relating to the global health pandemic COVID-19:

The management has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the recoverability of these assets, the management has considered the global economic conditions prevailing at the date of approval of these financial statements and has used internal and external sources of Information including credit reports to the extent determined by it. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company. The functional currency of its Branches is as per its respective domicile currency.

b. Property, plant and equipment

Property, plant and equipment are measured at cost or its deemed cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

c. Capital work-in-progress

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital advances and capital work-in-progress respectively.

d. Depreciation/ Amortisation

Depreciable amount for assets is the cost of asset less its estimated residual value.

Depreciation has been provided on buildings and plant and equipments on the straight line method and on furniture and fixtures, vehicles and office equipments on the written down method, as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Leasehold land and leasehold improvements are amortized over primary lease period.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Company assesses at each Balance Sheet date whether there is objective evidence that a asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

e. Financial Instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial assets

i. Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets.
Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.
Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.
Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.
For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

ii. Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

For assets, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the company has exercised the option to classify the equity investment as at FVTOCI, all fair value changes on the investment are recognised in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

iii. Financial assets at Fair Value through Profit and loss (FVTPL) -
Financial assets which is not classified in any of the above category is measured at FVTPL. These include surplus funds invested in mutual funds etc. Financial assets included within the FVTPL category are measured at fair values with all changes recorded in the statement of profit and loss.

Non-derivative financial liabilities

Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

Financial liabilities at FVTPL
Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

h. Employee Benefits
The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company’s only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks fall on the employee. The expenditure for defined contribution plans is recognized as expense during the period when the employee provides service. Under a defined benefit plan, it is the Company’s obligation to provide agreed benefits to the employees. The related actuarial and investment risks fall on the Company. The present value of the defined benefit obligations is calculated using the projected unit credit method.

Provident Fund: Employees receive benefits from government adminstered provident fund. The employer and employees each make periodic contributions to the government adminstered provident fund. A portion of the contribution is made to the government adminstered provident fund while the remainder of the contribution is made to the pension fund.

Gratuity: The Company provides for Gratuity, a defined benefit plan covering the eligible employees. The Gratuity plan provides a lump-sum payment to vested employees at retirement, death or termination of employment, of an amount based on the respective employee's salary and tenure of the employment with the Company.

Liabilities with regard to the Gratuity plan are determined by actuarial valuation , performed by an independent actuary, at each Balance Sheet date using projected unit method. The Company fully contributes all ascertained liabilities to the trust managed by the Trustees of Sonata Software Limited Gratuity Fund. The Trustees administers the contributions made to the Trust. The fund's investments are managed by certain insurance companies as per the mandate provided to them by the trustees and the asset allocation is within the permissible limits prescribed in the insurance regulations.

The Company recognizes the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in net profit in the statement of Profit and Loss.

Superannuation Fund: Certain employees of the Company are participants in a defined contribution plan of superannuation. The Company has no further obligations to the plan beyond its monthly contributions which are periodically contributed to the Sonata Software Limited Superannuation Fund , the corpus of which is invested with the Life Insurance Company.

Short-term employee benefits
The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :
(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

i. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

j. Income Taxes

Income tax comprises current and deferred tax. Income tax expense is recognized in the Statement of Profit and Loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

a) Current income tax - Current income tax liability/ (asset) for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the year. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the year. The Company off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

b) Deferred tax - Deferred income tax is recognized using the Balance Sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

k. Cash flow Statement:

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Company are segregated.

l. Revenue Recognition

The Company derives revenue primarily from Information Technology Services and Solutions. The Company recognizes revenue when it transfers control over a product or a service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered

a) Time and materials contracts

Revenues from contracts priced on a time and material basis are recognised as the related services are performed and related costs are incurred.

b) Fixed-price contracts

Revenues from fixed-price contracts are recognized using the “percentage-of-completion” method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

c) Maintenance Contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the “percentage-of-completion” method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

‘Unbilled revenues’ represent cost and earnings in excess of billings as at the end of the reporting period.

‘Unearned revenues’ represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as ‘Advance from customers’.

Revenues are reported net of GST and applicable discounts and allowances.

m. Dividend :

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees.

The Finance Act 2020 has abolished the Dividend Distribution Tax (DDT) and has shifted the tax liability on dividends to the shareholders. Accordingly, the Company distributes the dividend after deducting the taxes at applicable rates.

n. Foreign Currency transactions and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

o. Finance Income and expense

Finance income consists of interest income on funds invested, dividend income and fair value gains on the FVTPL financial assets. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Dividend income is recognized in the statement of profit and loss on the date that the Company’s right to receive payment is established.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method.

q. Impairment

a) Financial assets :

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss.

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. The Company follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivable and unbilled revenue. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company recognizes lifetime expected credit losses for all trade receivables and/or other contract assets that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL allowance (or reversal) is recognised as income / expense in the Statement of Profit and Loss.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset’s carrying amount and recoverable amount. Losses are recognised in Statement of Profit and Loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net off any accumulated depreciation/amortisation) had no impairment loss been recognised for the asset in prior years.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

r. Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value(i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

s. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

SONATA SOFTWARE SOLUTIONS LIMITED
Notes forming part of the financial statements

3 - Property, plant and equipment **Amount in ₹**

Particulars	Plant and Equipments	Total
Gross carrying value (Deemed cost)		
As at February 24, 2020 (date of incorporation)	**-**	**-**
Additions	12	**12**
Disposals/Write off	-	**-**
Translation Difference	-	**-**
As at March 31, 2021	**12**	**12**
Depreciation/ Amortization		
As at February 24, 2020 (date of incorporation)	**-**	**-**
Charge for the period	-	**-**
Disposals/Write off	-	**-**
Translation Difference	-	**-**
As at March 31, 2021	**-**	**-**
Net Block		
As at March 31, 2021	**12**	**12**

	₹ in Lakhs As at March 31, 2021
4 : Other non-current assets	
Unsecured, considered good unless otherwise stated	
Security deposits	60
Total	**60**
5.1 : Trade receivables	
Unsecured	
Considered good*	1,252
Total	**1,252**
* Include dues from related parties (Refer note 29)	
6 : Other current assets	
Loans and advances to employees	1
Prepaid expenses	17
Gratuity (Refer note 25)	7
Other recoverables	10
Total	**35**
7 : Equity share capital	
Authorized	
150,000 equity shares of face value ₹ 10/- each	**15**
Issued	
10,000 equity shares of face value ₹ 10/- each fully paid-up	**1**
Subscribed and paid-up	
10,000 equity shares of face value ₹ 10/- each fully paid-up	1
Total	**1**
Refer notes (i) to (iv) below	

Notes :

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

Equity shares with voting rights	
Number of shares	10,000
Amount ₹	1,00,000

ii) Details of rights, preferences and restrictions attached to each class of shares

The Company has one class of equity shares having a par value of ₹ 10/-. Each shareholder is entitled for one vote per share. The shareholders have the right to receive interim dividends declared by the Board of Directors and final dividends proposed by the Board and approved by the shareholders.

In the event of liquidation by the Company, the holders of the equity shares will be entitled to receive in proportion to the number of equity shares held by them, the remaining assets of the Company.

The shareholders have all other rights as available to equity shareholders as per the provisions of the Companies Act, 2013, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

iii) Details of shares held by Holding Company	-
Equity shares with voting rights	
Sonata Software Limited (Holding Company) and its nominees	10,000

iv) Details of shares held by each shareholder holding more than 5% shares	
Sonata Software Limited (Holding Company) and its nominees	
No. of shares held	10,000
% of holding	100

	₹ in Lakhs As at March 31, 2021
8 : Other equity	
Retained earnings	
Opening balance	-
Profit for the period	961
Closing balance	**961**
Other Comprehensive Income	
Remeasurement of the defined benefit plans	
Opening balance	-
For the period, (net of tax)	-
Closing balance	**-**
Acturial gain or losses on gratuity are recognised in other comprehensive income.	
Total	**961**
9 : Borrowings	
Loans and advances from related parties (Refer note 29)	
Inter-corporate borrowings from Holding Company - Unsecured (Refer note 29)	180
Total	**180**
10 : Trade payables	
Total outstanding dues of micro enterprises and small enterprises	1
Total outstanding dues of creditors other than micro enterprises and small enterprises	157
Total	**158**
11 : Other financial liabilities	
Reimbursable expenses payable to related party (Refer note 29)	161
Total	**161**
12 : Other current liabilities	
Other payables	
Statutory remittances	25
Total	**25**
13 : Provisions	
Provision for employee benefits - Compensated absences	8
Total	**8**
14 : Current tax liabilities (net)	
Provision for tax	34
Total	**34**

(₹ in Lakhs)

	For the period ended March 31, 2021
14. Income Tax	
(a) Income tax expense in the statement of profit and loss consists of:	
Current Tax:	
In respect of current year	168
Deferred Tax:	
In respect of current year	(168)
Total Income tax expense recognised in the statement of profit and loss	**-**

The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:

Profit before tax	961
Enacted income tax rate in India	34.94%
Computed expected tax expense	336
Effect of:	
Income exempt from tax	(336)
Expenses that are not deductible in determining taxable profit	-
Items that are deductible in determining taxable profit	-
Income tax expense recognised in the statement of profit and loss	**(0)**

The applicable Indian corporate statutory tax rate For the period ended March 31, 2021 is 34.94%

The Company is having unit in Bengaluru registered as Special Economic Zone (SEZ) units, which is entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961. However company has to pay Minimum Alternate Tax ("MAT") as per Income Tax Act, 1961 of which credit is available.

(₹ in Lakhs)

15. Deferred Tax

Deferred Tax assets / (liabilities) as at March 31, 2020 in relation to:

Particulars	As at April 1, 2020	Recognised in Profit & Loss	Recognised in Other Comprehensive Income/Reserves	As at March 31, 2021
MAT Credit	-	168	-	168
Total	**-**	**168**	**-**	**168**

₹ in Lakhs

	For the period from February 24, 2020 to March 31, 2021
16.1 : Revenue	
Revenue from software services (Refer note 20)	2,930
Total	**2,930**

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in the scope of contracts, periodic revalidations, adjustment for revenue that has not materialized and adjustments for currency.

16.2 : Other income	
Net gain on foreign currency transactions and translations	(16)
Total	**(16)**
17 : Employee benefit expense	
Salaries including bonus	1,399
Contributions to provident and other funds	87
Staff welfare expenses	2
Total	**1,488**
18 : Finance costs	
Interest expense on:	
Inter corporate borrowings (Refer Note 29)	15
Total	**15**
19 : Other expenses	
Power and fuel	3
Rent	90
Repairs and maintenance - Machinery	1
Insurance	13
Rates and taxes	1
Communication cost	8
Facility maintenance	13
Professional and technical fees	17
Software project fees	25
Insourcing professional fees	215
Payments to auditors	8
Miscellaneous expenses	56
Total	**450**
Note - Payments to auditors comprises (net of input credit):	
Statutory audit	8
	8

20 Revenue from software services

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers For the period ended March 31, 2021 by contract type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainity of our revenues and cashflows are affected by industry, market and other economic factors.

(₹ in Lakhs)

Particulars	For the period ended March 31, 2021
Time & Material	364
Fixed Price	2,559
	2,923

The Company has evaluated the impact of COVID–19 resulting from (i) the possibility of constraints to render services which may require revision of estimations of costs to complete the contract because of additional efforts; (ii) onerous obligations; (iii) penalties relating to breaches of service level agreements ,and (iv) termination or deferment of contracts by customers. The Company has concluded that the impact of COVID–19 is not material based on these estimates. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

Trade receivables and Contract Balances

The company classifies the right to consideration in exchange for deliverables as either a receivable or as unbilled revenue.

A receivable is a right to consideration that is unconditional upon passage of time. Revenue for time and material contracts are recognized as related service are performed. Revenue for fixed price maintenance contracts is recognized on a straightline basis over the period of the contract. Revenues in excess of billings is recorded as unbilled revenue and is classified as a financial asset for these cases as right to consideration is unconditional upon passage of time.

Revenues from fixed-price contracts are recognized using the “percentage-of-completion” method. Invoicing to the clients is based on milestones as defined in the contract. This would result in the timing of revenue recognition being different from the timing of billing the customers. Unbilled revenue for fixed price contracts is classified as non financial asset as the contractual right to consideration is dependent on completion of contractual milestones.

21 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in Lakhs)

Particulars	As at March 31, 2021
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-
(iv) The amount of interest due and payable for the year	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

22 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2021 and March 31, 2020 is as follows:

(₹ in Lakhs)

Particulars		**Carrying Value**	**Fair Value**
Financial assets	**Note No.**	**As at March 31, 2021**	**As at March 31, 2021**
Amortised Cost			
Trade receivable	5.1	1,252	1,252
Other financial assets	6	35	255
Total Assets		**1,347**	**1,567**
Financial liabilities			
Amortised Cost			
Borrowings	9	180	180
Trade payables	10	158	158
Other financial liabilities	11	161	161
Total Liabilities		**499**	**499**

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, inter corporate deposits and other current assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

23 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk, foreign currency risk and interest rate risk. The Company's primary focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instruments to mitigate foreign exchange related risk exposures. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivative for speculative purposes may be undertaken.

The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks.

The Company's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The working capital position of the Company is given below:

(₹ in Lakhs)

Particulars	**As at March 31, 2021**
Cash and cash equivalents	-
Trade receivables	1,252

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2021 :

Particulars	**As at March 31, 2021**		
	Less than 1 year	**1-2 years**	**2 years & above**
Borrowings	180	-	-
Trade payables	158	-	-
Other financial liabilities	161	-	-

Foreign Currency risk

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. Dollar, British pound sterling and Euro). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Company's revenues measured in rupees may decrease. The exchange rate between the Indian rupee and these foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future. The Company reviews on a periodic basis to formulate the strategy for foreign currency risk management.

Consequently, the Company uses derivative financial instruments, such as foreign exchange forward contracts, to mitigate the risk of changes in foreign currency exchange rates in respect of its forecasted cash flows and trade receivables.

The details in respect of the outstanding foreign exchange forward contracts are given under the derivative financial instruments section.

In respect of the Company's forward contracts, a 1% decrease/ increase in the respective exchange rates of each of the currencies underlying such contracts would have resulted in:

a) an approximately ₹ 270 lakhs increase and decrease in the Company's net profit as at March 31, 2021;

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2021 .

(₹ in Lakhs)

Exposure currency	**USD**	**GBP**	**EUR**	**Other Currencies***
As at March 31, 2021				
Assets				
Trade receivables	821	342	30	97
Liabilities				
Trade Payable	(25)	-	-	-
Net assets/liabilities	**796**	**342**	**30**	**97**

*Others include currencies such as Singapore Dollar, Australian Dollar, Swiss Franc, etc.

For the period ended March 31, 2021, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.41%/ (0.41)%.

24 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The capital structure of the company consists of the following:

(₹ in Lakhs)

Particulars	**As at March 31, 2021**
Total equity attributable to the equity share holders of the Company	962
As percentage of total capital	84%
Current borrowings	180
As a percentage of total capital	16%
Total capital (borrowings and equity)	**1,142**

The Company is predominantly equity financed which is evident from the capital structure table. Further, the Company has generally been a net cash Company with cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds.

25 Employee benefit plans

i) Defined contribution plans

a) Provident fund

Employees receive benefits from government adminstered provident fund. The employer and employees each make periodic contributions to the government adminstered provident fund. A portion of the contribution is made to the government adminstered provident fund while the remainder of the contribution is made to the pension fund.

Provident fund contributions amounting to ₹ 47 lakhs has been charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 17 Employee benefits expense).

b) During the year the Company has recognised the following amounts in the Statement of Profit and Loss towards Employers contribution to:

(₹ in Lakhs)

	For the period ended March 31, 2021
Employee's State Insurance (as part of Staff welfare expenses in Note 17 Employee benefits expense)	0
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 17 Employee benefits expense)	18

ii) Defined benefit plans - Gratuity

The principal assumptions used for the purposes of the actuarial valuations were as follows.

	March 31, 2021
Discount rate(s)	5.58%
Expected rate(s) of salary increase	5.00%
Mortality Rate	Indian Assured Lives Mortality 2006-08

Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:	**For the period ended March 31, 2021**
Service Cost:	
Current Service Cost	4
Components of defined benefit costs recognised in profit or loss	**4**
Remeasurement on the net defined benefit liability:	
Return on plan assets (excluding amounts included in net interest expense)	4
Components of defined benefit costs recognised in other comprehensive income	**4**

The current service cost and the net interest expense for the year are included in the 'Employee benefit expense' line item in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

(₹ in Lakhs)

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:	As at March 31, 2021
Particulars	
Present value of funded defined benefit obligation	(4)
Fair value of plan assets	11
Net (liability) / Assets arising from defined benefit obligation	**7**

Movements in the present value of the defined benefit obligation are as follows.	
Opening defined benefit obligation	-
Current service cost	4
Closing defined benefit obligation	**4**

Movements in the fair value of the plan assets are as follows.	
Opening fair value of plan assets	-
Interest income	(1)
Return on plan assets (excluding amounts included in net interest expense)	-
Contributions from the employer	11
Benefits paid	-
Closing fair value of plan assets	**10**

The major categories of plan assets as a percentage of total plan	**As at March 31, 2021**
Particulars	
Insurer Managed Funds	0%
Category of funds :	
Secure Fund	50.00%
Defensive Fund	25.00%
Balanced Fund	25.00%

Sensitivity analysis for significant actuarial assumptions is computed to show the movement in defined benefit obligation by 1%.

Particulars	**As at March 31, 2021**	
	Increase	**Decrease**
Discount rate (1% movement)	23	21
Future salary growth (1% movement)	23	21

The Company expects to contribute ₹ 12 lakhs to its defined benefit plans during the next fiscal year.
The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Experience adjustments

(₹ in Lakhs)

Particulars	**As at March 31, 2021**
Present value of defined benefit obligation	4
Fair value of plan assets	11
Surplus / (deficit)	7

Maturity profile of defined benefit obligation:

(₹ in Lakhs)

Particulars	**As at March 31, 2021**
Within 1 year	0
1-2 years	0
2-3 years	0
3-4 years	0
4-5 years	1
5 years and Above	8

The Company has established an income tax approved irrevocable trust fund to which it regularly contributes to finance liabilities of the plan. The fund’s investments are managed by insurance company as per the mandate provided to them by the trustees and the asset allocation is within the permissible limits prescribed in the insurance regulations.

26 Segment reporting

The Company is engaged in the providing Information Technology Services and Solutions outside India which constitutes a single business segment. The Company's operations in India did not exceed the quantitative threshold for disclosure envisaged in Ind AS 108.

In view of the above, primary and secondary reporting disclosures for business /geographical segments, as envisaged in Ind AS 108 are not applicable to the Company.

27 Earnings Per Share

Reconciliation of number of equity shares used in the computation of basic and diluted earnings per share is set out below:

Particulars	**For the period ended March 31, 2021**
Total number of equity shares outstanding	10,000
Weighted average number of equity shares for calculation of earning per share	10,000

28 The Code on Social Security, 2020 (‘Code’) relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period when the Code becomes effective.

29 There is no amount due and outstanding as at Balance Sheet date to be credited to the Investor Education and Protection Fund.

30. Related party disclosure

i) Details of related parties :

Description of relationship	**Names of related parties**
a) Holding Company	Sonata Software Limited
b) Fellow Subsidiaries	Sonata Information Technology Limited Sonata Software North America Inc. Sonata Europe Limited Sonata Software FZ LLC Interactive Business Scalable Data Systems Pty Ltd. Sopris Systems LLC
(c) Post-employment benefit plan	Sonata Software Gratuity Fund Sonata Software Officers' Superannuation Fund
(d) Key Management Personnel (KMP)	Mr. P V S N Raju, Director Mr. Jagannathan CN, Director Mrs. Madhavi Srinivas, Director

ii) Transactions with related parties : (₹ in Lakhs)

Particulars	**Holding Company**	**Fellow Subsidiaries**
	March 31, 2021	**March 31, 2021**
Rendering of services		
Sonata Software North America Inc.	-	2,070
Sonata Europe Limited	-	208
Sonata Software FZ LLC	-	26
Sonata Software Limited	553	-
Interactive Business Information Systems Inc.	-	10
Scalable Data Systems Pty Ltd	-	9
Sopris Systems LLC	-	27
Software project fees		
Sonata Software Limited	25	-
Inter-corporate borrowings		
Sonata Software Limited	505	-
Inter-corporate borrowings repayment		
Sonata Software Limited	546	-
Interest on Inter-corporate borrowings		
Sonata Software Limited	13	-

SONATA SOFTWARE SOLUTIONS LIMITED
Notes forming part of financial statements

30. Related party disclosure

Particulars	Holding Company	Fellow Subsidiaries
	March 31, 2021	March 31, 2021
Balances outstanding at the end of the year		
Inter-corporate borrowings		
Sonata Software Limited	180	-
Interest accrued on Inter-corporate borrowings		
Sonata Software Limited	12	-
Trade receivables		
Sonata Software North America Inc.	-	675
Sonata Europe Limited	-	78
Sonata Software FZ LLC	-	18
Interactive Business Information Systems Inc.	-	7
Sopris Systems, LLC	-	3
Scalable Data Systems Pty Ltd	-	6
Sonata Software Limited	465	-
Trade payables		
Sonata Software Limited	25	-
Reimbursement of expenses payable		
Sonata Software Limited	160	-
Sonata Information Technology Limited	-	1

*Incorporated on February 24, 2020

For and on behalf of the Board of Directors

P V S N Raju
Director

Jagannathan C N
Director

Place : Bengaluru
Date: 11 May 2021

Madhavi Srinivas
Director

1 COMPANY OVERVIEW

Sonata Software North America Inc. (“SSNA” or the “Company”) is a Company primarily engaged in the business of providing Information Technology Services and Solutions to its customers in the United States of America. The is company incorporated in US with its registered office at Fremont, USA. Sonata Software Limited has 100% ownership of SSNA incorporated on 20th April 1992.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

b. Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair value at end of the each reporting period, as explained in the accounting policies below.

c. Use of judgement, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of financial statement and the reported amounts of income and expenditure during the reported year. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Income taxes :The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company.

ii) Depreciation and amortisation: Depreciation and amortisation is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

iii) Other estimates

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

iv) Estimation of uncertainties relating to the global health pandemic COVID-19:

The management has considered the possible effects, if any, that may result from the pandemic relating to Covid 19 on the carrying amounts of receivables, goodwill and intangible assets. In making the assumptions and estimates relating to the uncertainties as at the Balance sheet date in relation to recoverable amounts of these assets, the management has considered the global economic conditions prevailing at the date of approval of these financial results and has used internal and external sources of Information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in the future due to the impact of the pandemic.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the “functional currency”). The financial statements are presented in USD, the national currency of USA, which is the functional currency of the Company.

b. Property, plant and equipment

Recognition & Measurement: Property, plant and equipment are measured at cost or its deemed cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

c. Capital work-in-progress

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital advances and capital work-in-progress respectively.

d. Depreciation/ Amortisation

Depreciable amount for assets is the cost of asset less its estimated residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Company assesses at each Balance Sheet date whether there is objective evidence that a asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

e. Financial Instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial assets

i. Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets.
Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.
Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.
Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.
For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

ii. Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

For assets, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the company has exercised the option to classify the equity investment as at FVTOCI, all fair value changes on the investment are recognised in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

iii. Financial assets at Fair Value through Profit and loss (FVTPL) -

Financial assets which is not classified in any of the above category is measured at FVTPL. These include surplus funds invested in mutual funds etc.
Financial assets included within the FVTPL category are measured at fair values with all changes recorded in the statement of profit and loss.

Non-derivative financial liabilities

Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

Financial liabilities at FVTPL

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Fair value measurement

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

i) Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the Balance Sheet date.

ii) Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm’s length transactions.

iii) Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Company carries such instruments at cost less impairment, if applicable.

f. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

g. Income Taxes

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company

h. Cash flow Statement:

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Company are segregated.

i. Revenue Recognition

The Company derives revenue primarily from Information Technology Services and Solutions. The Company recognizes revenue when it transfers control over a product or a service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered

a) Time and materials contracts

Revenues from contracts priced on a time and material basis are recognised as the related services are performed and related costs are incurred.

b) Fixed-price contracts

Revenues from fixed-price contracts are recognized using the “percentage-of-completion” method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

c) Hardware/software products and licenses

Revenues from sale of product and licenses are recognised when customer obtains control of the specified asset. In case of customization the same is recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

d) Maintenance Contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the “percentage-of-completion” method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

‘Unbilled revenues’ represent cost and earnings in excess of billings as at the end of the reporting period.

‘Unearned revenues’ represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as ‘Advance from customers’.

Revenues are reported net of GST and applicable discounts and allowances.

j. Foreign Currency transactions and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss and reported within foreign exchange gains/ (losses).
Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.
Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

k. Finance Income and expense

Finance income consists of interest income on funds invested, dividend income and fair value gains on the FVTPL financial assets. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Dividend income is recognized in the statement of profit and loss on the date that the Company's right to receive payment is established.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method.

l. Impairment

a) Financial assets : In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss.

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company recognizes lifetime expected credit losses for all trade receivables and/or other contract assets that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL allowance (or reversal) is recognised as income / expense in the Statement of Profit and Loss.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in Statement of Profit and Loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net off any acumulated depreciation) had no impairement loss been recognised for the asset in prior years.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

m. Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value(i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

n. Contingent Liabilities

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

o. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize a contingent asset.

p. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

SONATA SOFTWARE NORTH AMERICA INC.
Balance Sheet as at March 31, 2021

(Amt in USD)

	Note No.	As at March 31, 2021	As at March 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	**3**	158,974	266,723
Other intangible assets		8,314	33,053
Goodwill		4,276,302	4,276,302
		4,443,590	**4,576,078**
Financial assets			
Investments	**4.1**	17,249,872	16,965,872
Other financial assets	**4.2**	32,236	23,519
Deferred tax assets (net)	**5**	724,322	603,810
Total non-current assets		**18,006,430**	**17,593,201**
CURRENT ASSETS			
Financial assets			
Trade receivables	**6**	8,948,501	11,855,603
Cash and cash equivalents	**6.1**	8,626,104	732,815
Loans	**6.2**	3,900,000	4,050,000
Other financial assets	**6.3**	2,003,357	3,428,665
Other current assets	**7**	160,077	573,316
Total current assets		**23,638,039**	**20,640,399**
Total assets		**46,088,059**	**42,809,677**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	**8**	300,000	300,000
Other equity	**9**	9,342,530	9,726,611
Total Equity		**9,642,530**	**10,026,611**
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities			
Other non-current liabilities	**10**	3,433,254	3,335,133
Total non-current liabilities		**3,433,254**	**3,335,133**
CURRENT LIABILITIES			
Short-term borrowings	**11**	1,388,290	-
Financial liabilities			
Trade payables		21,724,311	16,031,924
Other Financial liabilities	**12**	7,500,000	11,000,000
Other current liabilities	**13**	1,345,097	904,163
Provisions	**14**	543,621	548,821
Current tax liabilities	**15**	510,956	963,025
Total current liabilities		**33,012,275**	**29,447,933**
Total equity and liabilities		**46,088,059**	**42,809,677**

SONATA SOFTWARE NORTH AMERICA INC.

Statement of Profit and Loss for year ended March 31, 2021

	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
			(Amt in USD)
REVENUE			
Revenue from operations	**16.1**	75,448,207	79,064,172
Other income	**16.2**	1,994,216	2,270,104
Total revenue		**77,442,423**	**81,334,276**
EXPENSES			
Purchase of stock-in-trade (traded goods)		303,827	-
Employee benefit expenses	**17**	12,417,477	12,654,345
Finance costs	**18**	254,398	84,994
Depreciation and amortization expense	**3**	136,372	155,141
Other expenses	**19**	64,834,942	60,195,646
		77,947,016	**73,090,126**
Profit before tax		**(504,593)**	**8,244,150**
Current tax expense		-	1,578,889
Deferred tax		(120,512)	11,573
Net tax expense		**(120,512)**	**1,590,462**
Profit for the year		**(384,081)**	**6,653,688**
Earnings per share - Basic and Diluted (on $ 1 per share)		**(1.28)**	**22.18**

SONATA SOFTWARE NORTH AMERICA INC.
Cash Flow Statement for the year ended March 31, 2021

			(Amt in USD)
		Year ended March 31, 2021	**Year ended March 31, 2020**
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		**(504,593)**	**8,244,149**
Adjustments for :			
Depreciation and amortization expense		136,372	155,141
Interest expense		254,398	84,994
Allowance for bad & doubtful trade receivables		(71,239)	281,114
Provision no longer required (net)		(22,400)	(38,819)
Interest income		(70,264)	(230,905)
Dividend income		(1,900,000)	(2,000,000)
Unrealized foreign exchange (gain) / loss		(7,553)	20,447
(Gain) / loss on sale of fixed assets / scrapped		4,493	-
Operating Profit before working capital changes		**(2,180,786)**	**6,516,122**
Adjustments for :			
Decrease/(increase) in trade receivables		3,008,294	(2,171,745)
Decrease/(increase) in other current assets		413,239	(181,865)
Decrease/(increase) in other financial assets		1,425,308	1,482,668
Decrease/(increase) in other non-current financial assets		(8,717)	-
Decrease/(increase) in short-term loans and advances		150,000	337,112
(Decrease)/increase in trade payables		5,692,387	(12,863,561)
(Decrease)/increase in other current liabilities		440,934	(660,443)
(Decrease)/increase in non-current liabilities		98,121	109,076
(Decrease)/increase in short-term provisions		(457,269)	361,306
Cash generated from operations		**8,581,510**	**(7,071,330)**
Direct taxes/advance tax paid (net)		-	(2,346,242)
Net cash from operating activities	**A**	**8,581,510**	**(9,417,572)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets, including intangible assets, CWIP and		(8,377)	(175,477)
Purchase Goodwill Haloysis & Rezopia		-	(1,977,445)
capital advances		-	74,983
Investments in SemiCab		-	(350,000)
Investment - Treeni Sustainability Solutions Inc.		(250,000)	-
Investment - -Retail 10X Inc.		(34,000)	
Interest received		70,264	230,905
Dividend received		1,900,000	2,000,000
Net cash flow from investing activities	**B**	**1,677,887**	**(197,034)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings (net)		(3,500,000)	8,849,994
Short Term Borrowings		1,388,290	-
Interest paid		(254,398)	(84,994)
Net cash from financing activities	**C**	**(2,366,108)**	**8,765,000**
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	7,893,289	(849,606)
Opening cash and cash equivalents		732,815	1,582,421
Closing cash and cash equivalents		**8,626,104**	**732,815**
Cash and cash equivalents at the end of the year Comprises :			
Balances with banks			
In Current accounts		8,525,187	631,919
In Deposit accounts		100,917	100,896
		8,626,104	**732,815**

Sonata Software North America Inc.
Notes forming part of the financial statements

3 : Property, Plant and Equipment **(Amt in USD)**

	Tangible Assets				
Particulars	**Office Equipments**	**Leasehold Improvements**	**Furniture and Fixtures**	**Plant and Equipments**	**Total Tangible Assets**
Deemed cost					
As at April 1, 2020	**50,435**	**74,983**	**115,143**	**525,520**	**766,081**
Additions		-	-	8,377	**8,377**
Disposals/Write off	(277)	-	(4,076)	(139)	**(4,493)**
As at March 31, 2021	**50,158**	**74,983**	**111,067**	**533,757**	**769,965**

As at April 1, 2020	**44,274**	**3,810**	**84,889**	**366,385**	**499,358**
Charge for the Year	3,954	14,954	18,323	74,403	**111,634**
As at March 31, 2021	**48,228**	**18,764**	**103,211**	**440,788**	**610,991**

Net Block					
As at April 1, 2020	**6,160**	**71,173**	**30,254**	**159,135**	**266,723**
As at March 31, 2021	**1,929**	**56,219**	**7,856**	**92,969**	**158,974**

Intangible assets **USD**

Particulars	**Intellectual Property.**
Deemed cost	
As at April 1, 2020	66,367
Additions	-
Disposals/Write off	-
As at March 31, 2021	**66,367**

Depreciation/ Amortization	
As at April 1, 2020	33,314
Charge for the Year	24,739
Disposals/Write off	
As at March 31, 2021	**58,052**

Net Block	
As at April 1, 2020	**33,053**
As at March 31, 2021	**8,314**

Total Depreciation/Amoritization	**136,372**

SONATA SOFTWARE NORTH AMERICA INC.
Notes forming part of financial statements

	As at March 31, 2021	As at March 31, 2020
4.1 : Investments		
Trade, Long-term, unquoted and at cost		
In subsidiary companies		
Investment in equity instruments		
138 shares of US $ 0.01 per share of Principal Financial Group Inc., (As at March 31, 2021 138 shares of US $ 0.01 per share of Principal Financial Group Inc.,)	4,029	4,029
500,250 Equity shares of $ 1/- each in Interactive Business Information Syatems Inc.	9,068,946	9,068,946
Investments-Retail 10X Inc. (Instrument (SAFE) containing future right to shares of Capital Stock)	834,000	800,000
Investment - Sopris Systems	6,742,897	6,742,897
Investment - SemiCab Inc. (As at March 31, 2021 669,567 shares)	350,000	350,000
Investment - Treeni Sustainability Solutions Inc. (As at March 31, 2021 1,104,550 shares)	250,000	-
	17,249,872	**16,965,872**
4.2 : Other financial assets		
Unsecured, considered good		
Security deposits	32,236	23,519
Total	**32,236**	**23,519**
5 : Deferred tax assets (net)		
Deferred tax assets (net)	724,322	603,810
Total	**724,322**	**603,810**
6 : Trade receivables		
Unsecured		
Considered good	8,948,501	11,855,603
Considered doubtful	142,498	302,081
	9,090,999	12,157,683
Less : Allowances for credit losses	142,498	302,081
Total	**8,948,501**	**11,855,603**

SONATA SOFTWARE NORTH AMERICA INC.
Notes forming part of financial statements

	As at March 31, 2021	As at March 31, 2020
6.1 : Cash and cash equivalents		
Balances with banks		
In Current accounts	8,525,187	631,919
In Deposit accounts	100,917	100,896
Total	**8,626,104**	**732,815**
6.2 : Loans		
Unsecured, considered good		
Inter-corporate deposits	3,900,000	4,050,000
Total	**3,900,000**	**4,050,000**
6.3 : Other financial assets		
Loans and advances to related parties - Advances recoverable	470,510	63,086
Loans and advances to employees	14,799	40,339
Unbilled revenue	1,110,979	2,988,413
Interest accrued on Inter-corporate deposits	407,069	336,827
	2,003,357	**3,428,665**
7 : Other current assets		
Prepaid expenses	8,866	53,502
Other recoverables	151,211	519,814
Total	**160,077**	**573,316**
8 : Equity Share capital		
Authorized		
Common Stock $1 par value, 3,500,000 shares	**3,500,000**	**3,500,000**
(March 31, 2021 Common Stock $1 par value, 3,500,000 shares)		
Issued, Subscribed and paid-up		
$1 par value 300,000 shares each fully paid-up	300,000	300,000
(March 31, 2021 $1 par value 300,000 shares each fully paid-up)		
Total	**300,000**	**300,000**
9 : Other equity		
Surplus in Statement of Profit and Loss		
Opening balance	9,726,611	3,072,923
Profit for the year	(384,081)	6,653,688
Total	**9,342,530**	**9,726,611**
10 : Other non-current liabilities		
Payable for acquisition of subsidiary - Sopris Systems LLC	3,433,254	3,335,133
Total	**3,433,254**	**3,335,133**
11 : Short-term borrowings		
From banks - UnSecured	1,388,290	-
Total	**1,388,290**	**-**
12 : Other Financial liabilities		
Current maturities of long term debt (Citi bank Loan)	7,500,000	11,000,000
	7,500,000	**11,000,000**
13 : Other current liabilities		
Income received in advance (Unearned revenue)	352,255	204,786
Statutory remittances	443,848	68,197
Advances from customers	520,919	472,943
Reimbursable Expenses payable to related party	14,226	156,011
Others	13,849	1,550
Total	**1,345,097**	**904,163**

	As at March 31, 2021	As at March 31, 2020
14 : Provisions		
Provision for employee benefits		
Provision for compensated absences	543,621	548,821
Total	**543,621**	**548,821**
15 : Current tax liabilities		
Provision for tax	510,956	963,025
Total	**510,956**	**963,025**

(Amt in USD)

	For the year ended March 31, 2021	For the year ended March 31, 2020
16.1 : Revenue from operations		
Revenue from software services	75,117,013	78,915,692
Revenue from hardware/software product and licenses	315,185	-
Other operating revenues	16,009	148,480
Total	**75,448,207**	**79,064,172**
16.2 : Other income		
Interest income	70,264	230,905
Dividend income	1,900,000	2,000,000
Provision no longer required written back	22,400	38,819
Miscellaneous income	1,552	380
Total	**1,994,216**	**2,270,104**
17 : Employee benefit expenses		
Salaries, wages, bonus and allowances	11,442,330	11,491,878
Contribution to 401K fund	180,920	186,434
Staff welfare expenses	794,227	976,033
Total	**12,417,477**	**12,654,345**
18:Finance costs		
Interest expense		
Borrowings	199,069	69,101
Other borrowing costs	55,329	15,893
Total	**254,398**	**84,994**
19 : Other expenses		
Power and fuel	4,967	8,096
Rent	326,387	350,917
Repairs and maintenance - Machinery	2,571	1,284
Insurance	23,949	21,293
Rates and taxes	731,760	691,361
Communication cost	98,792	143,345
Facility maintenance	3,696	21,636
Travelling and conveyance expenses	64,027	398,799
Sales commission	489,822	417,633
Software Project fees	51,544,620	46,236,230
Professional and technical fees	1,518,759	2,665,916
Legal fees	300	55,689
Insourcing professional fees	9,149,812	7,750,550
Net loss on foreign currency transaction and translation	(9,770)	20,474
Net loss on fixed assets sold / scrapped	4,493	-
Provision for doubtful trade receivables	(71,239)	281,114
Payment to auditors	-	13,710
Miscellaneous expenses	951,996	1,117,599
Total	**64,834,942**	**60,195,646**

SONATA SOFTWARE NORTH AMERICA INC
Notes forming part of financial statements

20 : Contingent Liability
There is no contingent liabilities as at date of balance sheet.

21. Commitments	**March 31, 2021**	**March 31, 2020**
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

22 : Details on derivative instruments and unhedged foreign currency

i) There are no outstanding forward exchange contracts entered into by the Company and outstanding as at March 31, 2020 (March 31, 2019 : Nil)

ii) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

	As at March 31,2021		**As at March 31,2020**		
	Receivable / (Payable) (USD)	**Receivable/ (Payable) in Foreign currency**	**Receivable / (Payable) (USD)**	**Receivable/ (Payable) in Foreign currency**	**Currency**
Trade receivables	-		-		EUR
Trade receivables	-		-		CAD
Trade payables	-	-	213,542	299,918	CAD
Trade payables	-	-	-	-	EUR

23 : Segment reporting
The Company is engaged in the business of providing IT Services and Solutions to its customers in the US which constitutes a single business segment and operates in a single geographical segment.
In view of the above, primary and secondary reporting disclosures for business /geographical segments, as envisaged Ind AS 108 are not applicable to the Company.

24 : Details of leasing arrangements
i. The Company has entered into various operating lease agreements for office premises, residential premises, guest houses and certain assets. These leases are cancellable as well as non-cancellable and are for a period of 11 months to 120 months and may be renewed based on mutual agreement of the parties.

	March 31, 2021	**March 31, 2020**
ii. The total of future minimum lease payments are non-cancellable operating leases are as below :		
Not later than one year	261,503	171,115
Later than one year and not later than 5 years	705,646	72,679
Later than 5 years	-	-
iii. The lease payments recognised in the statement of Profit and Loss are as under :		
Included in rent	326,387	350,917
	326,387	350,917

iv. There are no rents which are contingent in nature.

SONATA SOFTWARE NORTH AMERICA
Notes forming part of financial statements

25 : Related party disclosure
i) Details of related parties :

Description of relationship	Names of related parties
a) Holding Company	Sonata Software Limited
b) Wholly owned Subsidiaries (WOS)	Interactive Business Information Systems Inc. Sopris Systems, LLC
c) Fellow Subsidiaries	Sonata software FZ LLC

ii) Transactions with related parties :

Particulars	Holding Company		Subsidiaries/WOS/Fellow Subsidiaries	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Revenue				
Sopris Systems, LLC			-	22,402
Interactive Business Information Systems Inc.			321,062	650,779
Deputation cost / Service charges / Software project fees				
Sonata Software Limited	48,578,730	43,255,305		
Interactive Business Information Systems Inc.			165,092	393,765
Sonata Information Tech. Ltd - Singapore			-	1,773
Sonata Information Tech. Ltd			2,729	-
Sopris Systems, LLC			3,938	15,686
Sonata Software Solutions Ltd			2,796,859	8,702
Inter Corporate Deposits given				
Sonata Software FZ LLC			-	100,000
Sopris Systems LLC.			-	1,010,000
Interporate borrowings repaid				
Sopris Systems LLC.			150,000	145,000
Interest on inter corporate deposits received				
Halosys Technologies Inc.			-	18,167
Rezopia Inc., USA			-	3,028
Sonata Software FZ LLC			36,912	112,642
Sopris Systems LLC.			33,330	96,566
Deputation cost / Service charges Recovered				
Rezopia Inc., USA				
Commission paid on guarantees received				
Sonata Software Limited	54,664	14,043		

Particulars	Holding Company		Subsidiaries/WOS/Fellow Subsidiaries	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Balances outstanding at the end of the year				
Trade payables				
Interactive Business Information Systems Inc.			1,485	101,712
Sonata Information Tech. Ltd - Singapore			-	-
Sonata Information Tech. Ltd			1,371	-
Sopris Systems, LLC			-	15,686
Sonata Software Solutions Limited			923,137	8,702
Sonata Software Limited	15,683,200	12,556,937		
Advances receivables				
Sonata Software Limited	470,510	57,461		
Sopris Systems LLC.			9,827	5,625
Interest accrued on Intercorporate deposits				
Sonata Software FZ LLC			271,617	112,642

Sopris Systems LLC.			135,453	96,566
Trade Receivables				
Sopris Systems LLC.			-	108,322
Interactive Business Information Systems Inc. (IBIS)			144,000	155,320
Inter corporate deposit given				
Sonata Software FZ LLC			2,090,000	2,090,000
Sopris Systems LLC.			1,810,000	1,960,000
Advances payables (AP Reimb)				
Sonata Software Limited	14,226	60,560		
Investments made during the year				
Retail 10X Inc.			34,000	-
Semicab Inc			-	350,000
Treeni Sustainability Solutions Inc.			250,000	-
Guarantees received				
Sonata Software Limited	75,00,000	11,000,000		

26 : Earnings Per Share

Particulars	**March 31, 2021**	**March 31, 2020**
Profit/(loss) attributable to equity shareholders ($)	(776,341)	6,011,849
Weighted average number of Equity Shares of $1/- each	300,000	300,000
Earnings Per Share - Basic and Diluted ($)	(2.59)	20.04

27. Previous year’s figures have been regrouped / reclassified wherever necessary to correspond with the current year’s classification / disclosure.

Registered number: 05945409

SONATA EUROPE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2021

LUBBOCK FINE LLP
Chartered Accountants
Paternoster House
65 St Paul's Churchyard
London EC4M 8AB

CONTENTS

COMPANY INFORMATION

Directors	Mr R Puranik (appointed 22 August 2020) Mr T Saha (resigned 30 April 2021) Ms M Kulkarni Sunil Bannur (appointed 7 May 2021)
Registered number	05945409
Registered office	11th Floor (West) The Mille 1000 Great West Road Brentford TW8 9HH
Independent auditors	Lubbock Fine LLP Chartered Accountants & Statutory Auditors Paternoster House 65 St Paul's Churchyard London EC4M 8AB
Bankers	State Bank of India 15 King Street London EC2V 8EA
	Standard Chartered 1 Basinghall Ave London EC2V 5DD

The directors present their strategic report on the Company for the year ended 31 March 2021.

Business review

The principal activity of the company during the year was that of Software development, IT consulting and allied services.

The results for the period and the financial position of the Company are shown in the financial statements. The Company has earned a profit after tax for the year ended 31 March 2021 of £3,202,076 (2020: £2,330,204).

Principal risks and uncertainties

Nature of Risk	Risk Explanation	Risk Mitigation
Economic Risk	The Company's business may be adversely impacted by unforeseen economic reforms and events in the country it serves in.	In early 2020, the global economy entered in a recession as the hit to economic activity from the coronavirus pandemic became more widespread. With this spread, the IT Sector came out as major winners providing solutions & support to various other sectors. As the vaccine is available & markets are open we have not seen any impact on our business as of the Balance sheet date. The Company has a diversified geographical presence and has always maintained healthy and long-standing relationship with its clients by partnering with them as their IT solution provider and adding value to their businesses. These have resulted in minimal impact to the overall business of the company.
Concentration Risk	The regional concentration as well as vertical concentration can adversely impact the Company's business in case of a slowdown.	The Company continues to further diversify its business in terms of regional and vertical exposure on an ongoing basis.
Competition Risk	The Company operates in a competitive business environment. A loss of clients can impact the regular cash flows.	The company seeks to differentiate itself from its competitors with the following strong differentiated strategies: - Platformation™ approach which includes proprietary IP, frameworks, industry specific trademark solution architecture components, and digital library of processes The combination of IP, relationships, and financials create significant competition differentiators
Regulatory Risk	The Company operates across several nations including the UK and Europe. Any changes in law, regulations and taxation framework may affect the business operations.	The Company has a professional team and advisers to mitigate this risk on a continuous basis.

Financial key performance indicators

The key performance indicators of the Company are the turnover of the Company, which has decreased to £11,954,036 from £13,859,951, and its profit after tax, which has increased to £3,202,076 from £2,330,204.

This report was approved by the board and signed on its behalf.

Mr R Puranik
Director

Ms M Kulkarni
Director

Date: 07 May 2021

The directors present their report and the financial statements for the year ended 31 March 2021.

Directors' responsibilities statement

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The profit for the year, after taxation, amounted to £3,202,076 (2020 - £2,330,204).

The directors have proposed a dividend of £500,000 for the year ended 31 March 2021. This is subject to shareholder approval and has not been recognised in these financial statements.

Directors

The directors who served during the year were:

Mr R Puranik (appointed 22 August 2020)
Mr T Saha (resigned 30 April 2021)
Ms M Kulkarni

Disclosure of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Post balance sheet events

The directors consider the potential effects of ongoing Coronavirus pandemic to be the only event that has occurred since the balance sheet date that requires disclosure in these financial statements.

Further detail of this post balance sheet event is included within note 23 of these financial statements.

Auditors

Under section 487(2) of the Companies Act 2006, Lubbock Fine LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

Mr R Puranik
Director

Date: 07 May 2021

Ms M Kulkarni
Director

Date: 07 May 2021

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SONATA EUROPE LIMITED

Opinion

We have audited the financial statements of Sonata Europe Limited (the 'Company') for the year ended 31 March 2021, which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 ‘The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- Enquiries of management, including obtaining and reviewing supporting documentation, concerning the company's policies and procedures relating to:
  - Identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non compliance
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance of laws and regulations; and
- Discussions among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

We also obtained an understanding of the legal and regulatory framework that the company operates in, focusing on provisions of those laws and regulations that had direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and FRS 102.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health and safety regulations, employment law and environmental regulations etc.

As a result of these procedures, we considered the particular areas that were susceptible to misstatement due to fraud were in respect of revenue recognition and management override.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- reviewing revenue recognition on a sample basis;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the rationale of any significant transactions that are unusual or outside the normal course of the company’s operations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

David Chandra

David Chandra (Senior Statutory Auditor)
for and on behalf of
Lubbock Fine LLP
Chartered Accountants & Statutory Auditors
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB
Date: 10 May 2021

SONATA EUROPE LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Turnover	4	11,954,036	13,859,951
Cost of sales		(7,126,445)	(8,990,025)
Gross profit		4,827,591	4,869,926
Administrative expenses		(914,000)	(2,021,057)
Other operating income	5	27,859	-
Operating profit	6	3,941,450	2,848,869
Profit on disposal of investments		-	16,717
Interest receivable and similar income	10	11,730	-
Profit before tax		3,953,180	2,865,586
Tax on profit	11	(751,104)	(535,382)
Profit for the financial year		3,202,076	2,330,204

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 14 to 26 form part of these financial statements.

BALANCE SHEET

AS AT 31 MARCH 2021

	Note		2021 £		2020 £
Fixed assets					
Tangible assets	13		6,742		27,386
Investments	14		3,846,349		-
			3,853,091		27,386
Current assets					
Debtors: amounts falling due within one year	15	7,918,308		9,566,236	
Cash at bank and in hand	16	1,973,141		4,862,490	
		9,891,449		14,428,726	
Creditors: amounts falling due within one year	17	(1,552,728)		(3,417,185)	
Net current assets			8,338,721		11,011,541
Total assets less current liabilities			12,191,812		11,038,927
Capital and reserves					
Called up share capital	18		2,460,360		2,460,360
Capital redemption reserve	19		3,235,440		3,235,440
Profit and loss account	19		6,496,012		5,343,127
			12,191,812		11,038,927

The financial statements were approved and authorised for issue by the the board and were signed on its behalf by:

Mr R Puranik
Director

Ms M Kulkarni
Director

Date: 07 May 2021

The notes on pages 14 to 26 form part of these financial statements.

SONATA EUROPE LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Called up share capital	Capital redemption reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 April 2019	2,460,360	3,235,440	3,012,923	8,708,723
Profit for the year	-	-	2,330,204	2,330,204
At 1 April 2020	2,460,360	3,235,440	5,343,127	11,038,927
Profit for the year	-	-	3,202,076	3,202,076
Dividends: Equity capital	-	-	(2,049,191)	(2,049,191)
At 31 March 2021	2,460,360	3,235,440	6,496,012	12,191,812

The notes on pages 14 to 26 form part of these financial statements.

SONATA EUROPE LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Cash flows from operating activities		
Profit for the financial year	3,202,076	2,330,204
Adjustments for:		
Depreciation of tangible assets	20,644	22,176
Profit on disposal of fixed asset investment	-	(16,717)
Share based payment charge	(15,922)	(18,043)
Interest received	(11,730)	(25,517)
Taxation charge	751,104	535,382
Decrease/(increase) in debtors	1,308,724	(46,228)
(Decrease) in creditors	(1,525,254)	(836,252)
Corporation tax (paid)	(735,181)	(866,193)
Foreign exchange	-	(5,746)
Net cash generated from operating activities	2,994,461	1,073,066
Cash flows from investing activities		
Purchase of fixed asset investments	(3,846,349)	-
Sale of fixed asset investments	-	92,572
Interest received	11,730	25,517
Net cash from investing activities	(3,834,619)	118,089
Cash flows from financing activities		
Dividends paid	(2,049,191)	-
Net cash used in financing activities	(2,049,191)	-
Cash and cash equivalents at beginning of year	4,862,490	3,671,335
Cash and cash equivalents at the end of year	1,973,141	4,862,490
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	1,973,141	4,862,490

The notes on pages 14 to 26 form part of these financial statements.

1. General information

Sonata Europe Limited is a private company limited by shares incorporated in England and Wales. Its registered office and principal place of business is 11th Floor (West), The Mille, 1000 Great West Road, Brentford TW8 9HH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sonata Software Limited as at 31 March 2021 and these financial statements may be obtained from APS Trust Building, 1/4 Bull Temple Road, N R Colony, Bangalore 560 019, India.

2.3 Going concern

On 11 March 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This is a fast moving situation and the overall impact on businesses and the economy is still unclear. The directors have made an initial consideration of the impact of the pandemic on the Company and believe that the Company will continue to trade and will be able to rely on its reserves to support any unforeseen downturn in trading. As such, the directors believe that it is suitable to prepare the accounts on a going concern basis.

If the Company is unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of the assets to their recoverable amounts, provide for further liabilities that may arise and reclassify fixed assets as current assets.

2. Accounting policies (continued)

2.4 Consolidation

The Company is a parent Company that is also a subsidiary included in the consolidated financial statements of its parent undertaking established under the law of a non-EEA state and is therefore exempt from the requirement to prepare consolidated financial statements under section 401 of the Companies Act 2006.

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.6 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- Life of lease
Fixtures and fittings	- 7 years straight line
Computer equipment	- 3 years straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2. Accounting policies (continued)

2.7 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the statement of comprehensive income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

2.10 Financial instruments

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at

2. Accounting policies (continued)

2.10 Financial instruments (continued)

the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.12 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

2.13 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.14 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2. Accounting policies (continued)

2.15 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Company keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

2.16 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.17 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the Company in independently administered funds.

2.18 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2. Accounting policies (continued)

2.19 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. There are considered to be no key sources of estimation uncertainty or judgments which would have a significant impact on the amounts recognised in the financial statements.

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2020 £
Provision of services	11,952,541	13,834,434
Other Income	1,495	25,517
	11,954,036	13,859,951

Analysis of turnover by country of destination:

	2021 £	2020 £
United Kingdom	4,164,391	2,918,789
Rest of Europe	6,597,626	8,907,031
Rest of the world	1,192,019	2,034,131
	11,954,036	13,859,951

5. Other operating income

	2021 £	2020 £
Government grants received	27,859	-

6. Operating profit

The operating profit is stated after charging:

	2021 £	2020 £
Tangible fixed assets - depreciation	20,644	22,176
Exchange differences	49,990	(103,611)
Other operating lease rentals	25,776	32,126

7. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	25,000	12,600

8. Employees

Staff costs, including directors' remuneration, were as follows:

	2021 £	2020 £
Wages and salaries	493,674	1,410,163
Social security costs	95,789	158,685
Cost of defined contribution scheme	6,343	14,933
	595,806	1,583,781

The average monthly number of employees, including the directors, during the year was as follows:

	2021 No.	2020 No.
Employees	6	8

9. Directors' remuneration

	2021 £	2020 £
Directors' emoluments	267,162	308,969

The highest paid director received remuneration of £267,162 (2020 - £308,969).

In addition to the amount disclosed the director’s remuneration, including that of the highest paid director, includes a proportion of an accrued bonus balance yet to be allocated. The maximum amount to be allocated is £138,431.

10. Interest receivable

	2021 £	2020 £
Interest receivable from group companies	11,730	-

11. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	751,104	551,417
Adjustments in respect of previous periods	-	(16,035)
Deferred tax		
Taxation on profit on ordinary activities	751,104	535,382

Factors affecting tax charge for the year

The tax assessed for the year is the same as (2020 - the same as) the standard rate of corporation tax in the UK of 19% (2020 - 19%) as set out below:

	2021 £	2020 £
Profit on ordinary activities before tax	3,953,180	2,865,586
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	751,104	544,461
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,903	41,763
Higher rate taxes on overseas earnings	-	(16,035)
Short term timing difference leading to an increase (decrease) in taxation	(6,633)	(35,164)
Changes in provisions leading to an increase (decrease) in the tax charge	4,730	357
Total tax charge for the year	751,104	535,382

12. Dividends

	2021 £	2020 £
Ordinary shares	2,000,000	-
2% redeemable convertible preference shares	49,191	-
	2,049,191	-

13. Tangible fixed assets

	Short-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 April 2020	93,005	24,595	1,174	118,774
At 31 March 2021	93,005	24,595	1,174	118,774
Depreciation				
At 1 April 2020	75,876	14,338	1,174	91,388
Charge for the year on owned assets	17,129	3,515	-	20,644
At 31 March 2021	93,005	17,853	1,174	112,032
Net book value				
At 31 March 2021	-	6,742	-	6,742
At 31 March 2020	17,129	10,257	-	27,386

14. Fixed asset investments

	Investments in subsidiary companies £
Cost	
At 1 April 2020	-
Additions	3,846,349
At 31 March 2021	3,846,349

14. Fixed asset investments (continued)

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
GAPbuster Limited	11th Floor, The Mille, 1000 Great West Road, Brentford, TW8 9HH, United Kingdom	Ordinary	100%
GAPbuster Europe Limited (*)	11th Floor, The Mille, 1000 Great West Road, Brentford,TW8 9HH, United Kingdom	Ordinary	100%
GAPbuster Worldwide Pty Limited (*)	Level 2, 80 Cocas Street, South Melbourne, VIC 3205, Australia	Ordinary	100%
GAPbuster China Co. Limited (*)	Room 201-24, 15/152 Yanchang Road, Zhabei District, Shanghai, China	Ordinary	100%
GAPbuster Worldwide Malaysia Sbn. BHd (*)	Petaling Jaya, Selangor, Malaysia	Ordinary	100%
GAPbuster Inc (*)	Corporation Trust Center, 1209 Orange Street, Wilimington, 19801 Delaware, USA	Ordinary	100%
GAPbuster Kabushiki Kaisha (*)	Maple Yoyogi 4F, SHIBUYA-KU, 151-0053, Tokyo, Japan	Ordinary	100%

* held indirectly

The principal activiy of each of the above companies is that of customer experience management.

15. Debtors

	2021 £	2020 £
Trade debtors	2,199,010	4,201,691
Amounts owed by group undertakings	4,998,235	4,714,121
Other debtors	187,964	205,650
Prepayments and accrued income	533,099	444,774
	7,918,308	9,566,236

16. Cash and cash equivalents

	2021 £	2020 £
Cash at bank and in hand	1,973,141	4,862,490

17. Creditors: Amounts falling due within one year

	2021 £	2020 £
Trade creditors	5,053	49,088
Amounts owed to group undertakings	104,366	2,288,816
Corporation tax	420,030	297,508
Other taxation and social security	255,385	219,405
Other creditors	370,111	5,286
Accruals and deferred income	397,783	557,082
	1,552,728	3,417,185

18. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
800 (2020 - 800) Ordinary shares of £1.00 each	800	800
2,459,560 (2020 - 2,459,560) 2% redeemable convertible preference shares of £1.00 each	2,459,560	2,459,560
	2,460,360	2,460,360

19. Reserves

Called up share capital

Represents the nominal value of shares that have been issued.

Capital redemption reserve

The capital redemption reserve comprises the nominal value of own shares that have been acquired by the company and cancelled.

Profit and loss account

Represents the retained profits of the Company.

20. Share based payments

In the prior year, a director of the Company held Stock Appreciation Rights ("SARs") under the Stock Appreciation Right Plan ("Plan") of the parent company, Sonata Software Limited. Each SAR entitles the holder to receive an appreciation amount in accordance with the terms of the Plan. The appreciation amount will be paid to the holder in cash upon exercise. It is calculated based on the difference between the price at the date of grant of the SAR, and the closing market price of the equity shares of Sonata Software Limited on the National Stock Exchange of India on the trading day immediately preceding the exercise date.

Vesting occurs in three equal annual tranches and there are no vesting conditions attached to the SARs. The exercise period commences immediately following the expiry of the vesting period and is for 3 years or until the cessation of the SAR holders employment with the Company for whatever reason, whichever is earlier.

At the balance sheet date, all previous SARs had vested and were exercised.

21. Pension commitments

The Company maintains a defined contribution scheme for employees. The charge for the year was £6,343 (2020: £14,933). At the balance sheet date an amount of £1,187 (2020: £2,711) was outstanding in relation to unpaid pension contributions.

22. Commitments under operating leases

At 31 March 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2021 £	2020 £
Not later than 1 year	15,462	24,863
Later than 1 year and not later than 5 years	125,425	-
	140,887	24,863

23. Post balance sheet events

As known, starting from January 2020, the national and international scenario has been characterised by the spread of Coronavirus and the consequent restrictive measures for its containment, put in place by the public authorities of the countries concerned. These circumstances, extraordinary in nature and extent, have direct and indirect repercussions on economic activity and have created a context of general uncertainty, the evolution of which and the related effects are not foreseeable. The potential effects of this phenomenon on the financial statements cannot be determined to date and will be subject to constant monitoring throughout the year.

24. Controlling party

The ultimate parent company is Sonata Software Limited, a company incorporated in India and listed on the Bombay Stock Exchange and the National Stock Exchange. Copies of the group accounts of Sonata Software Limited, the largest and smallest group the company belongs to that prepared consolidated accounts, can be obtained from APS Trust Building, 1/4 Bull Temple Road, N R Colony, Bangalore 560 019, India.

Registered number: 05945409

SONATA EUROPE LIMITED

DETAILED ACCOUNTS

YEAR ENDED 31 MARCH 2021

SONATA EUROPE LIMITED

DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Turnover	11,954,036	13,859,951
Cost Of Sales	(7,126,445)	(8,990,025)
Gross profit	4,827,591	4,869,926
Other operating income	27,859	-
Less: overheads		
Administration expenses	(888,224)	(1,988,931)
Establishment expenses	(25,777)	(32,126)
Operating profit	3,941,449	2,848,869
Interest receivable	11,730	-
Investment income	-	16,717
Tax on profit on ordinary activities	(751,103)	(535,382)
Profit for the year	3,202,076	2,330,204

SONATA EUROPE LIMITED

SCHEDULE TO THE DETAILED ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £
Turnover		
Sales - Domestic	4,162,896	2,893,272
Sales - Rest of Europe	6,597,626	8,907,031
Sales - Rest of World	1,192,019	2,034,131
Other income	1,495	25,517
	11,954,036	13,859,951

	2021 £	2020 £
Cost of sales		
Software fees	6,826,938	8,855,600
Commissions payable	83,369	67,227
Licences	216,138	67,198
	7,126,445	8,990,025

	2021 £	2020 £
Other operating income		
Government grants receivable	27,859	-
	27,859	-

	2021 £	2020 £
Administration expenses		
Directors national insurance	44,006	36,253
Directors salaries	267,162	308,969
Staff salaries	226,513	1,101,194
Staff national insurance	51,783	122,432
Staff pension costs	6,343	14,933
Staff welfare	34,177	32,695
Entertainment	648	4,642
Hotels, travel and subsistence	7,873	104,075
Telephone and fax	5,625	3,154
Advertising and promotion	-	7,574
Trade subscriptions	3,847	6,091
Legal and professional	43,943	251,540
Auditors' remuneration	49,790	12,500
Accountancy fees	-	10,271
Bank charges	28,942	8,849
Bad debts	24,099	22,601
Discounts allowed	1,858	-
Difference on foreign exchange	49,990	(103,611)
Sundry expenses	1,592	351
Rates	18,212	26,614
Insurances	3,957	2,791
Repairs and maintenance	13,142	10,014
Depreciation - other fixed assets	17,129	18,651
Depreciation - fixtures and fittings	3,515	3,525
Stock Appreciation Rights	(15,922)	(18,043)
Conference & Seminar	-	866
	888,224	1,988,931

	2021 £	2020 £
Establishment		
Rent - operating leases	25,777	32,126

	2021 £	2020 £
Interest receivable		
Group interest receivable - interco	11,730	-
	11,730	-

	2021 £	2020 £
Investment income		
Profit/loss on disposal of unlisted investments	-	16,717

Interactive Business Information Systems, Inc.
Notes forming part of financial statements

1 COMPANY OVERVIEW

Interactive Business Information Systems, Inc. ("IBIS" or the "Company") is a Company primarily engaged in the business of providing Information Technology Services and Solutions to its customers in the United States of America. The Company is a public limited company incorporated in US with its registered office at Georgia, USA. Sonata Software Limited through its wholly owned subsidiary, Sonata Software North America Inc. has acquired 100% of Interactive Business Information Systems, Inc on 17th November, 2015.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

b. Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair value at end of the each reporting period, as explained in the accounting policies below.

c. Use of judgement, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of financial statement and the reported amounts of income and expenditure during the reported year. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Income taxes : The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company.

ii) Depreciation and amortisation: Depreciation and amortisation is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

iii) Other estimates

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

iv) Estimation of uncertainties relating to the global health pandemic COVID-19:

The management has considered the possible effects, if any, that may result from the pandemic relating to Covid 19 on the carrying amounts of receivables, goodwill and intangible assets. In making the assumptions and estimates relating to the uncertainties as at the Balance sheet date in relation to recoverable amounts of these assets, the management has considered the global economic conditions prevailing at the date of approval of these financial results and has used internal and external sources of Information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in the future due to the impact of the pandemic.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in USD, the national currency of USA, which is the functional currency of the Company.

b. Property, plant and equipment

Recognition & Measurement: Property, plant and equipment are measured at cost or its deemed cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

c. Capital work-in-progress

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital advances and capital work-in-progress respectively.

d. Depreciation/ Amortisation

Depreciable amount for assets is the cost of asset less its estimated residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Company assesses at each Balance Sheet date whether there is objective evidence that a asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

e. Financial Instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial assets

i. Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets.
Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.
Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.
Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.
For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

ii. Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

For assets, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the company has exercised the option to classify the equity investment as at FVTOCI, all fair value changes on the investment are recognised in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

iii. Financial assets at Fair Value through Profit and loss (FVTPL) -

Financial assets which is not classified in any of the above category is measured at FVTPL. These include surplus funds invested in mutual funds etc.
Financial assets included within the FVTPL category are measured at fair values with all changes recorded in the statement of profit and loss.

Non-derivative financial liabilities

Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

Financial liabilities at FVTPL

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Fair value measurement

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

i) Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the Balance Sheet date.

ii) Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

iii) Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Company carries such instruments at cost less impairment, if applicable.

f. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

g. Income Taxes

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company.

h. Cash flow Statement:

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Company are segregated.

i. Revenue Recognition

The Company derives revenue primarily from Information Technology Services and Solutions. The Company recognizes revenue when it transfers control over a product or a service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered

a) Time and materials contracts

Revenues from contracts priced on a time and material basis are recognised as the related services are performed and related costs are incurred.

b) Fixed-price contracts

Revenues from fixed-price contracts are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

c) Hardware/software products and licenses
Revenues from sale of product and licenses are recognised when customer obtains control of the specified asset. In case of customization the same is recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

d) Maintenance Contracts
Revenue from maintenance contracts is recognized ratably over the period of the contract using the "percentage-of-completion" method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

'Unbilled revenues' represent cost and earnings in excess of billings as at the end of the reporting period.

'Unearned revenues' represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as 'Advance from customers'.

Revenues are reported net of GST and applicable discounts and allowances.

j. Foreign Currency transactions and translations
Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss and reported within foreign exchange gains/ (losses).
Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.
Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

k. Finance Income and expense
Finance income consists of interest income on funds invested, dividend income and fair value gains on the FVTPL financial assets. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Dividend income is recognized in the statement of profit and loss on the date that the Company's right to receive payment is established.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method.

l. Impairment
a) Financial assets : In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss.

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company recognizes lifetime expected credit losses for all trade receivables and/or other contract assets that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL allowance (or reversal) is recognised as income / expense in the Statement of Profit and Loss.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in Statement of Profit and Loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net off any acumulated depreciation) had no impairement loss been recognised for the asset in prior years.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

m. Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.
Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value(i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

n. Contingent Liabilities

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

o. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize a contingent asset.

p. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

Interactive Business Information Systems, Inc.
Balance Sheet as at March 31, 2021

	Note No.	As at March 31, 2021	As at March 31, 2020
			USD
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	**3**	104,260	201,546
Intangible assets	**4**	1	1
Financial assets			
Other financial assets	**5**	5,000	-
Other non-current assets	**6**	46,174	40,951
Total non-current assets		**155,435**	**242,498**
CURRENT ASSETS			
Financial assets	**7**		
Trade receivables	**7.1**	1,564,957	699,070
Cash and cash equivalents	**7.2**	1,113,514	1,415,808
Other current assets	**8**	443,979	246,902
Total current assets		**3,122,450**	**2,361,780**
Total assets		**3,277,885**	**2,604,278**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	**9**	500,250	500,250
Other equity	**10**	1,054,673	1,047,137
Total Equity		**1,554,923**	**1,547,387**
LIABILITIES			
CURRENT LIABILITIES			
Financial liabilities			
Trade payables		1,665,217	1,018,619
Other current liabilities	**11**	45,089	26,539
Provisions	**12**	12,656	11,734
Total current liabilities		**1,722,962**	**1,056,891**
Total equity and liabilities		**3,277,885**	**2,604,278**

Interactive Business Information Systems, Inc.
Statement of Profit and Loss for the year ended March 31, 2021

	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
			USD
INCOME			
Revenue from operations	**13.1**	6,067,586	8,018,147
Other Income	**13.2**	40,373	-
Total revenue		**6,107,959**	**8,018,147**
EXPENSES			
Purchases of stock-in-trade (traded goods)		377,947	539,479
Employee benefit expenses	**14**	751,453	1,371,917
Depreciation and amortization expense	**3**	97,287	127,491
Other expenses	**15**	2,595,137	3,726,881
Total expenses		**3,821,824**	**5,765,768**
Profit before tax		**2,286,135**	**2,252,379**
Tax expense		378,599	641,838
Net tax expense		**378,599**	**641,838**
Profit after tax		**1,907,536**	**1,610,541**
Earnings per share - Basic and Diluted (on $ 1 per share)		**3.81**	**3.22**

Interactive Business Information Systems, Inc.
Cash Flow Statement for the year ended March 31, 2021

			USD
		For the year ended March 31, 2021	**For the year ended March 31, 2020**
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) before tax		2,286,135	**2,252,379**
Adjustments for :			
Depreciation and amortization expense		97,287	127,491
Operating Profit before working capital changes		**2,383,422**	**2,379,870**
Adjustments for :			
Decrease/(increase) in trade receivables		(865,887)	(27,738)
Decrease/(increase) in other Non current assets		(5,223)	(153)
Decrease/(increase) in other current assets		(197,077)	(184,339)
(Decrease)/increase in Other financial assets		(5,000)	16,306
(Decrease)/increase in trade payables		646,598	731,852
(Decrease)/increase in other current liabilities		18,551	(28,651)
(Decrease)/increase in short-term provisions		921	(5,169)
Cash generated from operations		**1,976,304**	**2,881,978**
Direct taxes/advance tax paid (net)		**(378,599)**	**(641,838)**
Net cash from operating activities	**(A)**	**1,597,705**	**2,240,140**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets, including intangible assets, CWIP and capital advances		-	-
Net cash flow from investing activities	**(B)**	**-**	**-**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividend paid to Sonata Software North America		(1,900,000)	(2,000,000)
Net cash from financing activities	**(C)**	**(1,900,000)**	**(2,000,000)**
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	(302,295)	240,140
Opening cash and cash equivalents		1,415,808	1,175,668
Closing cash and cash equivalents		**1,113,514**	**1,415,808**
Cash and cash equivalents at the end of the year Comprises :			
Cash on hand		-	1,000
Balances with banks			
In Current accounts		63,182	1,414,808
In Deposit accounts		1,050,332	-
		1,113,514	**1,415,808**

Interactive Business Information Systems, Inc.
Notes forming part of the financial statements

3 : Property, plant and equipment — **USD**

Particulars	Office Equipments	Leasehold Improvements	Furniture and fixtures	Plant and equipments	Total
		Tangible Assets			
Deemed cost					
As at April 1, 2020	**39,683**	**564,416**	**75,957**	**117,085**	**797,140**
Additions	-	-	-	-	-
Disposals/Write off	-	-	-	-	-
As at March 31, 2021	**39,683**	**564,416**	**75,957**	**117,085**	**797,140**
Depreciation/ Amortization					
As at April 1, 2020	**39,362**	**367,456**	**71,690**	**117,085**	**595,593**
Charge for the Year	157	93,484	3,646	-	**97,287**
As at March 31, 2021	**39,518**	**460,940**	**75,336**	**117,085**	**692,880**
Net Block					
As at April 1, 2020	**321**	**196,959**	**4,267**	**(0)**	**201,546**
As at March 31, 2021	**165**	**103,475**	**621**	**(0)**	**104,260**

4 : Intangible assets — **USD**

Particulars	Owned Computer Software	Software Licence	Total
	Intangible Assets		
Deemed cost			
As at April 1, 2020	5,089	694,343	699,432
Additions	-	-	-
Disposals/Write off	-	-	-
As at March 31, 2021	**5,089**	**694,343**	**699,432**
Depreciation/ Amortization			
As at April 1, 2020	5,088	694,343	699,431
Charge for the Year	-	-	-
Disposals/Write off	-	-	-
As at March 31, 2021	**5,088**	**694,343**	**699,431**
Net Block			
As at April 1, 2020	**1**	**0**	**1**
As at March 31, 2021	**1**	**-**	**1**

Total Depreciation of Assets **97,287**

Interactive Business Information Systems, Inc.
Notes forming part of financial statements

	As at March 31, 2021	USD As at March 31, 2020
5 : Other financial assets		
Security deposits	5,000	-
Total	**5,000**	**-**
6 : Other non-current assets		
Advance Tax	46,174	40,951
	46,174	**40,951**
7.1 : Trade receivables		
Unsecured		
Considered good	1,564,957	699,070
Considered doubtful	243,485	342,904
	1,808,442	1,041,975
Less : Provision for doubtful trade receivables	243,485	342,904
Total	**1,564,957**	**699,070**
7.2 : Cash and cash equivalents		
Cash on hand	-	1,000
Balances with banks		
In Current accounts	63,182	1,414,808
In Deposit accounts	1,050,332	-
Total	**1,113,514**	**1,415,808**
8 : Other current assets		
Loans and advances to related parties - Advances recoverable	-	95,523
Prepaid expenses	-	24,452
Other recoverables	443,979	126,927
Total	**443,979**	**246,902**
9 : Equity share capital		
Authorized		
Common Stock of 500,250 shares, of $1 each		
(As at 31.03.2021, 500,250 shares of $1 each)	**500,250**	**500,250**
Issued, Subscribed and paid-up		
500,250 shares of $1 each fully paid-up	500,250	500,250
(As at 31.03.2021, 500,250 shares of $1 each fully paid up)		
Total	**500,250**	**500,250**
10 : Other equity		
Retained earnings		
Opening balance	1,047,137	1,107,942
Profit for the year	1,907,536	1,610,541
Adjustments during the year:		
Rent equalization	-	328,655
Dividend Paid	(1,900,000)	(2,000,000)
Closing balance	**1,054,673**	**1,047,137**
Total	**1,054,673**	**1,047,137**
11 : Other current liabilities		
Income received in advance (Unearned revenue)	7,500	14,284
Reimbursable Expenses payable to related party	10,111	-
Statutory remittances	27,478	12,255
Total	**45,089**	**26,539**
12 : Provisions		
Provision for employee benefits		
Provision for compensated absences	12,656	11,734
Total	**12,656**	**11,734**

Interactive Business Information Systems, Inc.
Notes forming part of financial statements

		USD
	For the year ended March 31, 2021	**For the year ended March 31, 2020**
13.1 : Revenue from operations		
Revenue from hardware/software products and licenses	1,578,621	1,434,862
Revenue from software services	4,488,777	6,314,532
Other operating revenues	188	268,753
Total	**6,067,586**	**8,018,147**
13.2 : Other Income		
Interest income	384	-
Net gain on foreign currency transaction and translation	3,095	-
Provision no longer required written back	21,150	-
Miscellaneous income	15,744	-
	40,373	**-**
14 : Employee benefit expenses		
Salaries, wages, bonus and allowances	692,681	1,246,015
Contribution to 401K fund	16,322	16,356
Staff welfare expenses	42,450	109,546
Total	**751,453**	**1,371,917**
15 : Other expenses		
Power and fuel	9,818	37,576
Rent	178,761	183,093
Insurance	9,761	30,441
Rates and taxes	4,771	7,460
Communication cost	41,476	41,215
Facility maintenance	12,428	15,490
Travelling and conveyance expenses	7,997	166,807
Professional and technical fees	244,661	7,547
Legal fees	-	30,589
Software Project Fee	2,025,889	2,760,586
Bad debts	96,450	-
Provision for doubtful trade receivables	(99,420)	305,187
Payment to auditors	-	43,465
Net loss on foreign currency transaction and translation	-	640
Miscellaneous expenses	62,545	96,785
Total	**2,595,137**	**3,726,881**

16 : Contingent Liability

There is no contingent liabilities as at the year end.

17. Commitments	**March 31, 2021**	**March 31, 2020**
Estimated amount of contracts reamining to be executed on capital account and not provided for	-	-

18 : Segment reporting

The Company is engaged in the business of Dynamics Solution and delivery of world class supply chain solutions including Advanced Supply Chain Software Solution which constitutes a single business segment and operates in a single geographical segment.

In view of the above, primary and secondary reporting disclosures for business /geographical segments, as envisaged Ind AS 108 are not applicable to the Company.

19 : Related party disclosure

i) Details of related parties :

Description of relationship	**Names of related parties**
Holding Company	Sonata Software North America Inc.
Ultimate Holding Company	Sonata Software Limited

ii) Transactions with related parties : **USD**

Particulars	**Holding Company**	
	March 31, 2021	**March 31, 2020**
Rendering of services/Sale of products		
Sonata Software North America Inc.	165,092	393,765
Sonata Software Limited	50,226	52,383
Sonata Europe Ltd	-	66,660
Sopris Systems LLC	219,778	-
Software project fees		
Sonata Software Limited	1,248,016	1,475,310
Sopris Systems LLC	253,980	174,688
Sonata Software North America Inc.	321,062	17,767
Sonata Software Solutions Limited	13,096	-

Particulars	**Holding Company**	
	March 31, 2021	**March 31, 2020**
Balances outstanding at the end of the year		
Trade payables		
Sonata Software North America INC	144,000	-
Sopris Systems, LLC	63,000	-
Sonata Software Solutions Limited	9,305	-
Sonata Software Ltd	261,420	102,459
Trade Receivable		
Sonata Software North America Inc.	1,485	101,712
Sopris Systems LLC	36,950	-
Sonata Software Ltd	45,002	-
Advances Payable		
Sopris Systems LLC	10,111	-

20 : Details of leasing arrangements

i. The Company has entered into one operating lease agreement for office premises. This lease is non-cancellable and is for a period of 64 months and may be renewed based on mutual agreement of the parties.

		USD
ii. The total of future minimum lease payments for non-cancellable operating leases are as below :	**March 31, 2021**	**March 31, 2020**
Not later than one year	186,628	-
Later than one year and not later than 5 years	47,555	-
iii. The lease payments recognised in the statement of Profit and Loss are as under :		
Included in rent	178,761	183,093
	178,761	183,093

iv. There are no rents which are contingent in nature.

21 : Earnings Per Share

Particulars	**March 31, 2021**	**USD** **March 31, 2020**
Profit attributable to equity shareholders ($)	2,286,135	2,252,380
Weighted average number of Equity Shares of $1- each	500,250	500,250
Earnings Per Share - Basic and Diluted ($)	4.57	4.50

22. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Scalable Data Systems Limited.
Notes forming part of financial statements

1 COMPANY OVERVIEW

Scalable Data Systems Limited. ("Company") is a Company primarily engaged in the business of providing Information Technology Solutions, software development services and re-selling products of Microsoft, IBM andOracle etc. to its customers in India and the Asia Pacific region. Specialised in Microsoft Dynamics 365, the fastest growing ERP system in the world, and its predecessors, since 1999. The company expertise in Microsoft systems, coupled with our natively built solutions, provides our global customers with gains in efficiency, profitability and scalability, increasing returns on investment and delivering best business practice.
The Company is incorporated in Australia with its registered office at Brisbane. Sonata Software Limited has acquired 100% ownership on December 21, 2018.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance
These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

b. Basis of measurement
The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair value at end of the each reporting period, as explained in the accounting policies below.

c. Use of judgement, estimates and assumptions
The preparation of the financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of financial statement and the reported amounts of income and expenditure during the reported year. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Income taxes : The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company.

ii) Depreciation and amortisation: Depreciation and amortisation is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

iii) Other estimates
The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

iv) Estimation of uncertainties relating to the global health pandemic COVID-19:
The management has considered the possible effects, if any, that may result from the pandemic relating to Covid 19 on the carrying amounts of receivables, goodwill and intangible assets. In making the assumptions and estimates relating to the uncertainties as at the Balance sheet date in relation to recoverable amounts of these assets, the management has considered the global economic conditions prevailing at the date of approval of these financial results and has used internal and external sources of Information to the extent determined by it. The actual outcome of these assumptions and estimates may vary in the future due to the impact of the pandemic.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in AUD, the national currency of Australia, which is the functional currency of the Company.

b. Property, plant and equipment

Recognition & Measurement: Property, plant and equipment are measured at cost or its deemed cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

c. Capital work-in-progress

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital advances and capital work-in-progress respectively.

d. Depreciation/ Amortisation

Depreciable amount for assets is the cost of asset less its estimated residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Company assesses at each Balance Sheet date whether there is objective evidence that a asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

e. Financial Instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial assets

i. Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets.
Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.
Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.
Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.
For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

ii. Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

For assets, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the company has exercised the option to classify the equity investment as at FVTOCI, all fair value changes on the investment are recognised in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

iii. Financial assets at Fair Value through Profit and loss (FVTPL) -

Financial assets which is not classified in any of the above category is measured at FVTPL. These include surplus funds invested in mutual funds etc. Financial assets included within the FVTPL category are measured at fair values with all changes recorded in the statement of profit and loss.

Non-derivative financial liabilities

Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

Financial liabilities at FVTPL

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Fair value measurement

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

i) Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the Balance Sheet date.

ii) Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm’s length transactions.

iii) Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Company carries such instruments at cost less impairment, if applicable.

f. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

g. Income Taxes

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company.

h. Cash flow Statement:

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Company are segregated.

i. Revenue Recognition

The Company derives revenue primarily from Information Technology Services and Solutions. The Company recognizes revenue when it transfers control over a product or a service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered

a) Time and materials contracts

Revenues from contracts priced on a time and material basis are recognised as the related services are performed and related costs are incurred.

b) Fixed-price contracts

Revenues from fixed-price contracts are recognized using the “percentage-of-completion” method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

c) Hardware/software products and licenses

Revenues from sale of product and licenses are recognised when customer obtains control of the specified asset. In case of customization the same is recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

d) Maintenance Contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the “percentage-of-completion” method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

‘Unbilled revenues’ represent cost and earnings in excess of billings as at the end of the reporting period.

‘Unearned revenues’ represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as ‘Advance from customers’.

Revenues are reported net of GST and applicable discounts and allowances.

j. Foreign Currency transactions and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss and reported within foreign exchange gains/ (losses).

Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

k. Finance Income and expense

Finance income consists of interest income on funds invested, dividend income and fair value gains on the FVTPL financial assets. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Dividend income is recognized in the statement of profit and loss on the date that the Company’s right to receive payment is established.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the Statement of Profit and Loss using the effective interest method.

l. Impairment

a) Financial assets : In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss.

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. The Company follows ‘simplified approach’ for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company recognizes lifetime expected credit losses for all trade receivables and/or other contract assets that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL allowance (or reversal) is recognised as income / expense in the Statement of Profit and Loss.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in Statement of Profit and Loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net off any acumulated depreciation) had no impairement loss been recognised for the asset in prior years.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

m. Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.
Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value(i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as at the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

n. Contingent Liabilities

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

o. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize a contingent asset.

p. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

Scalable Data Systems Pty Limited.
Balance Sheet as at 31st March 2021

			AUD
		As At	As At
	Note No.	March 31, 2021	March 31, 2020
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	3	17,197	8,795
Total non-current assets		**17,197**	**8,795**
CURRENT ASSETS			
Financial assets			
Trade receivables	4	2,106,250	1,262,670
Cash and cash equivalents	5	770,845	1,147,150
Other current assets	6	106,980	68,688
Total current assets		**2,984,075**	**2,478,508**
TOTAL		**3,001,272**	**2,487,303**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	7	2	2
Other equity	8	620,458	550,045
Total Equity		**620,460**	**550,047**
LIABILITIES			
NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
Financial liabilities			
Trade payables		800,448	210,974
Other financial liabilities	9	1,003,918	1,038,359
Provisions	10	576,446	687,923
		2,380,812	**1,937,256**
TOTAL		**3,001,272**	**2,487,303**

Scalable Data Systems Pty Limited.

Statement of Profit and Loss for the year ended 31st March 2021

			AUD
	Note No.	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
REVENUE			
Revenue from operations	**11.1**	9,393,234	6,808,960
Other income	**11.2**	122,686	20,529
Total revenue		**9,515,920**	**6,829,489**
EXPENSES			
Purchase of stock-in-trade (traded goods)		1,712,179	1,209,409
Employee benefit expenses	**12**	3,434,654	2,573,616
Finance costs	**13**	-	9,705
Depreciation and amortization expense	**3**	4,820	7,758
Other expenses	**14**	2,828,953	1,699,048
Total expenses		**7,980,606**	**5,499,536**
Profit before tax		**1,535,314**	**1,329,953**
Current tax expense		464,905	398,987
Profit after tax		**1,070,409**	**930,967**

Scalable Data Systems Pty Limited.
Cash Flow Statement for the year ended 31st March 2021

			AUD
		For the year ended March 31, 2021	**For the year ended March 31, 2020**
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		**1,535,314**	**1,329,953**
Adjustments for :			
Depreciation and amortization expense		4,820	7,758
Interest expense		-	9,705
Interest income		(1,468)	(2,984)
Operating Profit before working capital changes		**1,538,666**	**1,344,432**
Adjustments for :			
Decrease/(increase) in trade receivables		(843,580)	(81,596)
Decrease/(increase) in other current assets		(38,293)	6,316
Decrease/(increase) in other financial assets		-	5,940
(Decrease)/increase in trade payables		589,474	(162,607)
(Decrease)/increase in other financial liabilities		(34,441)	378,391
(Decrease)/increase in short-term provisions		(111,470)	441,375
Cash generated from operations		**1,100,356**	**1,932,250**
Direct taxes/advance tax paid (net)		(464,905)	(398,987)
Net cash from operating activities	**A**	**635,451**	**1,533,263**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets, including intangible assets, CWIP and		(13,223)	(5,627)
Interest received		1,468	2,984
Net cash flow from investing activities	**B**	**(11,755)**	**(2,643)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of Inter corporate Borrowings		-	(500,000)
Interest paid		-	(9,705)
Dividend paid		(1,000,000)	-
Net cash from financing activities	**C**	**(1,000,000)**	**(509,705)**
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	(376,304)	1,020,915
Opening cash and cash equivalents		1,147,150	126,235
Closing cash and cash equivalents		**770,845**	**1,147,150**
Cash and cash equivalents at the half year ended Comprises :			
Cash on hand		625	625
Balances with banks			
In Current accounts		569,541	1,146,525
In Deposit accounts		200,680	-
		770,845	**1,147,150**

Scalable Data Systems Pty Limited.
Notes forming part of the financial statements

3 : Property, Plant and Equipment **AUD**

Tangible Assets				
Particulars	**Office Equipments**	**Furniture and Fixtures**	**Plant and Equipments**	**Total Tangible Assets**
Deemed cost				
As at April 1, 2020	123,051	214,003	220,494	**557,548**
Additions	**-**	**-**	13,223	13,223
Disposals/Write off	-	-	-	**-**
As at March 31, 2021	**123,051**	**214,003**	**233,717**	**570,771**
Depreciation/ Amortization				
As at April 1, 2020	123,037	209,914	215,802	548,753
Charge for the Year	-	231	4,589	4,820
As at March 31, 2021	**123,037**	**210,146**	**220,391**	**553,574**
Net Block:				
As at April 1, 2020	**14**	**4,089**	**4,691**	**8,795**
As at March 31, 2021	**14**	**3,858**	**13,325**	**17,197**

Scalable Data Systems Pty Limited.
Notes forming part of financial statements

		AUD
	As At March 31, 2021	**As At March 31, 2020**
4 : Trade receivables		
Unsecured		
Considered good	2,106,250	1,262,670
Considered doubtful	-	-
	2,106,250	1,262,670
Less : Provision for doubtful trade receivables	-	-
Total	**2,106,250**	**1,262,670**
5 : Cash and cash equivalents		
Cash on hand	625	625
Balances with banks		
In Current accounts	569,541	1,146,525
In Deposit accounts	200,680	-
Total	**770,845**	**1,147,150**
6 : Other current assets		
Prepaid expenses	54,637	68,688
Other recoverables	52,343	-
Total	**106,980**	**68,688**
7 : Equity Share capital		
Issued, Subscribed and paid-up		
Share capital	2	2
Total	**2**	**2**
8 : Other equity		
Securities premium		
Surplus in Statement of Profit and Loss		
Opening balance	550,049	(380,921)
Profit/(loss) for the year	1,070,409	930,967
Dividend Paid	(1,000,000)	-
Closing balance	**620,458**	**550,045**
Total	**620,458**	**550,045**
9 : Other financial liabilities		
Income received in advance (Unearned revenue)	235,814	517,308
Statutory remittances	340,033	201,715
Others	428,071	319,336
Total	**1,003,918**	**1,038,359**
10 : Provisions		
Provision for employee benefits		
Provision for compensated absences	366,872	288,933
Provision for tax	209,574	398,990
Total	**576,446**	**687,923**

Scalable Data Systems Pty Limited.
Notes forming part of financial statements

	For the year ended March 31, 2021	AUD For the year ended March 31, 2020
11.1 : Revenue from operations		
Revenue from software services	5,879,794	3,973,667
Revenue from hardware/software product and licenses	3,513,440	2,835,293
Total	**9,393,234**	**6,808,960**
11.2 : Other income		
Interest income	1,468	2,984
Net gain on foreign currency transaction and translation	-	17,545
Miscellaneous income	121,218	-
Total	**122,686**	**20,529**
12 : Employee benefit expenses		
Salaries, wages, bonus and allowances	3,118,704	2,315,352
Contributions to provident and other funds	311,719	247,894
Staff welfare expenses	4,231	10,370
Total	**3,434,654**	**2,573,616**
13 : Finance costs		
Interest expense		
Borrowings	-	9,705
	-	**9,705**
14 : Other expenses		
Rent	201,669	190,407
Repairs and maintenance - Machinery	10,565	12,183
Insurance	28,229	23,859
Rates and taxes	1,415	1,664
Communication cost	31,202	40,712
Facility maintenance	43,136	48,223
Travelling and conveyance expenses	8,371	144,799
Sales commission	48,373	44,103
Software Project fees	2,084,467	720,384
Professional and technical fees	15,850	19,718
Legal fees	-	170
Insourcing professional fees	107,211	277,678
Net loss on foreign currency transaction and translation	47,264	-
Miscellaneous expenses	201,201	175,150
Total	**2,828,953**	**1,699,048**

Scalable Data Systems Limited.
Notes forming part of financial statements

15: Contingent Liability
There is no contingent liabilities as at the end of the balance sheet dates.

16. Commitments	**March 31, 2021**	**March 31, 2020**
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

17 : Segment reporting
The Company is primarily engaged in the business of providing Information Technology Solutions, software development services and re-selling products of Microsoft, IBM andOracle etc. to its customers in India and the Asia Pacific region. Specialised in Microsoft Dynamics 365, the fastest growing ERP system in the world, and its predecessors, since 1999. The company expertise in Microsoft systems, coupled with our natively built solutions, provides our global customers with gains in efficiency, profitability and scalability, increasing returns on investment and delivering best business practice.

In view of the above, primary and secondary reporting disclosures for business /geographical segments, as envisaged Ind AS 108 are not applicable to the Company.

18 : Related party disclosure
i) Details of related parties :

Description of relationship	**Names of related parties**
Holding Company	Sonata Software Limited
Ultimate Holding Company	Sonata Software Limited

ii) Transactions with related parties : **AUD**

Particulars	**Holding Company**	
	March 31, 2021	**March 31, 2020**
Revenue		
Sonata Software Limited	224,338	61,986
Deputation cost / Service charges / Software project fees		
Sonata Software Limited	2,034,370	-
Sonata Software solutions Limited	50,097	-
Interest on inter corporate deposits		
Sonata Software Limited	-	9,705
Inter corporate borrowings Paid		
Sonata Software Limited	-	500,000

Particulars	**Holding Company**	
	March 31, 2021	**March 31, 2020**
<u>Balances outstanding at the end of the year</u>		
Trade payables		
Sonata Software Limited	433,938	-
Trade Receivables		
Sonata Software Limited	209,342	-

18. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Sopris Systems LLC.
Notes forming part of financial statements

1 COMPANY OVERVIEW

Sopris Systems LLC. ("Sopris" or the "Company") is a Company primarily engaged in the business of providing specializes in Enterprise Resource Planning (ERP); Customer Relationship Management (CRM), Project Automation (PSA) and Field Service Automation (FSA) solutions. Our clients depend on successfully managing field services, delivering projects profitably and creating the best possible customer experience. They depend on Sopris to provide technology and business process expertise to make that a reality.

The Company is incorporated in US with its registered office at COLORADO,USA. Sonata Software Limited through its wholly owned subsidiary, Sonata Software North America Inc.has acquired 100% ownership on February 15, 2019.

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

b. Basis of measurement

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair value at end of the each reporting period, as explained in the accounting policies below.

c. Use of judgement, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions considered in the reported amounts of assets and liabilities and disclosure relating to contingent liabilities as at the date of financial statement and the reported amounts of income and expenditure during the reported year. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

i) Income taxes : The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company.

ii) Depreciation and amortisation: Depreciation and amortisation is based on management estimates of the future useful lives of certain class of property, plant and equipment and intangible assets. Estimates may change due to technological developments, competition, changes in market conditions and other factors and may result in changes in the estimated useful life and in the depreciation and amortisation charges.

iii) Other estimates

The preparation of financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses for the reporting period. Specifically, the Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

iv) Estimation of uncertainties relating to the global health pandemic COVID-19:

The management has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the recoverability of these assets, the management has considered the global economic conditions prevailing at the date of approval of these financial statements and has used internal and external sources of Information including credit reports to the extent determined by it. The eventual outcome of impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in USD, the national currency of USA, which is the functional currency of the Company.

b. Property, plant and equipment

Property, plant and equipment are measured at cost or its deemed cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the statement of profit and loss when incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the Statement of Profit and Loss.

c. Capital work-in-progress

Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital advances and capital work-in-progress respectively.

d. Depreciation/ Amortisation

Depreciable amount for assets is the cost of asset less its estimated residual value.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Company assesses at each Balance Sheet date whether there is objective evidence that a asset or a group of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

e. Financial Instruments

All financial instruments are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sale of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognised on trade date. While, loans and borrowings and payables are recognised net of directly attributable transaction costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at FVTOCI or fair value through profit and loss account (FVTPL), non derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial assets

i. Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets.
Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.
Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.
Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.
For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

ii. Financial Assets at Fair Value through Other Comprehensive Income (FVTOCI)

For assets, if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and where the company has exercised the option to classify the equity investment as at FVTOCI, all fair value changes on the investment are recognised in OCI. The accumulated gains or losses on such investments are not recycled to the Statement of Profit and Loss even on sale of such investment.

iii. Financial assets at Fair Value through Profit and loss (FVTPL) -

Financial assets which is not classified in any of the above category is measured at FVTPL. These include surplus funds invested in mutual funds etc.
Financial assets included within the FVTPL category are measured at fair values with all changes recorded in the statement of profit and loss.

Non-derivative financial liabilities

Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity.

Financial liabilities at FVTPL

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the statement of profit and loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Fair value measurement

The Company classifies the fair value of its financial instruments in the following hierarchy, based on the inputs used in their valuation:

i) Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the Balance Sheet date.
ii) Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

iii) Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Company carries such instruments at cost less impairment, if applicable.

f. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

g. Income Taxes

The current income tax charge is determined in accordance with the relevant tax regulations applicable to the Company

h. Cash flow Statement:

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipt or payments and item of income or expense associated with investing or financing cash-flows. The cash flow from operating, investing and financing activities of the Company are segregated.

i. Revenue Recognition

The Company derives revenue primarily from Information Technology Services and Solutions. The Company recognizes revenue when it transfers control over a product or a service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered

a) Time and materials contracts

Revenues from contracts priced on a time and material basis are recognised as the related services are performed and related costs are incurred.

b) Fixed-price contracts

Revenues from fixed-price contracts are recognized using the “percentage-of-completion” method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

If the Company does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

When total cost estimates exceed revenues in an arrangement, the estimated losses are recognized in the statement of profit and loss in the period in which such losses become probable based on the current contract estimates.

c) Hardware/software products and licenses

Revenues from sale of product and licenses are recognised when customer obtains control of the specified asset. In case of customization the same is recognised over the life of the contract using the proportionate completion method, with contract costs determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

d) Maintenance Contracts

Revenue from maintenance contracts is recognized ratably over the period of the contract using the “percentage-of-completion” method. When services are performed through an indefinite number of repetitive acts over a specified period of time, revenue is recognized on a straight line basis over the specified period or under some other method that better represents the stage of completion.

‘Unbilled revenues’ represent cost and earnings in excess of billings as at the end of the reporting period.

‘Unearned revenues’ represent billing in excess of revenue recognized. Advance payments received from customers for which no services are rendered are presented as ‘Advance from customers’.

Revenues are reported net of GST and applicable discounts and allowances.

j. Foreign Currency transactions and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the Statement of Profit and Loss and reported within foreign exchange gains/ (losses).
Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.
Foreign currency gains and losses are reported on a net basis. This includes changes in the fair value of foreign exchange derivative instruments, which are accounted at fair value through profit or loss.

k. Finance Income and expense

Finance income consists of interest income on funds invested, dividend income and fair value gains on the FVTPL financial assets. Interest income is recognized as it accrues in the statement of profit and loss, using the effective interest method.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the Statement of Profit and Loss using the

l. Impairment

a) Financial assets : In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss.

The Company assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company recognizes lifetime expected credit losses for all trade receivables and/or other contract assets that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12 month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

ECL allowance (or reversal) is recognised as income / expense in the Statement of Profit and Loss.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

An impairment loss is calculated as the difference between an asset's carrying amount and recoverable amount. Losses are recognised in Statement of Profit and Loss and reflected in an allowance account. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through Statement of Profit and Loss.

The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net off any acumulated depreciation) had no impairement loss been recognised for the asset in prior years.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

m. Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares outstanding during the period.

n. Contingent Liabilities

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

o. Contingent Assets

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The Company does not recognize a contingent asset.

p. Events after the reporting period

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

Sopris Systems LLC.
Balance Sheet as at March 31, 2021

			USD
	Note No.	**As At March 31, 2021**	**As At March 31, 2020**
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	**3**	7,129	4,932
Financial assets			
Other financial assets	**4**	5,000	-
Total non-current assets		**12,129**	**4,932**
CURRENT ASSETS			
Financial assets			
Trade receivables	**5**	362,725	578,373
Cash and cash equivalents	**6**	163,003	365,851
Other current assets	**7**	701,350	465,969
Total current assets		**1,227,078**	**1,410,193**
TOTAL		**1,239,206**	**1,415,125**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital		2	2
Other equity	**8**	(1,470,348)	(1,524,239)
Total Equity		**(1,470,346)**	**(1,524,237)**
LIABILITIES			
CURRENT LIABILITIES			
Financial liabilities			
Borrowings	**9**	1,810,000	1,960,000
Trade payables		342,272	551,275
Other financial liabilities	**10**	557,280	428,087
		2,709,552	**2,939,362**
TOTAL		**1,239,206**	**1,415,125**

Sopris Systems LLC .

Statement of Profit and Loss for year ended March 31, 2021

	Note No.	For the year ended March 31, 2021	For the year ended March 31, 2020
			USD
REVENUE			
Revenue from operations	**11.1**	4,299,503	6,099,683
Other income	**11.2**	85,755	15,878
Total revenue		**4,385,258**	**6,115,562**
EXPENSES			
Purchase of stock-in-trade (traded goods)		221,313	220,456
Employee benefit expenses	**12**	3,218,518	4,713,846
Finance costs	**13**	33,330	96,566
Depreciation and amortization expense		1,549	423
Other expenses	**14**	842,996	1,611,907
Total expenses		**4,317,706**	**6,643,197**
Profit before tax		**67,552**	**(527,636)**
Current tax expense		13,661	-
Profit after tax		**53,891**	**(527,636)**

Sopris Systems LLC .

Cash Flow Statement for the year ended March 31, 2021

	For the year ended March 31, 2021	For the year ended March 31, 2020
		USD
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax	**67,552**	**(527,636)**
Adjustments for :		
Depreciation and amortization expense	1,549	423
Interest expense	33,330	96,566
Allowance for bad & doubtful trade receivables	(452,078)	401,717
Operating Profit before working capital changes	**(349,647)**	**(28,930)**
Adjustments for :		
Decrease/(increase) in trade receivables	667,726	(358,608)
Decrease/(increase) in other current assets	(235,381)	(210,615)
(Decrease)/increase in trade payables	(214,003)	46,675
(Decrease)/increase in other current liabilities	129,193	(212,412)
Cash generated from operations	**(2,111)**	**(763,889)**
Direct taxes/advance tax paid (net)	(13,661)	-
Net cash from operating activities	**(15,772)**	**(763,889)**
Net cash from operating activities after exceptional items	**(15,772)**	**(763,889)**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and	(3,745)	(5,355)
Net cash flow from investing activities	**(3,745)**	**(5,355)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Inter corporate loan from holiding company	(150,000)	1,065,000
Interest paid	(33,330)	(96,566)
Net cash from financing activities	**(183,330)**	**968,434**
Net increase/(decrease) in cash and cash equivalents	(202,848)	199,190
Opening cash and cash equivalents	365,851	166,661
Closing cash and cash equivalents	**163,003**	**365,851**
Cash and cash equivalents at the end of the year Comprises :		
Balances with banks		
In Current accounts	163,003	365,851
	163,003	**365,851**

Sopris Systems LLC .
Notes forming part of financial statements
3 : Property, Plant and Equipment

USD

Tangible Assets	
Particulars	**Plant and Equipments**
Deemed cost	
As at April 1, 2020	**5,355**
Additions	3,745
Disposals/Write off	-
As at March 31, 2021	**9,100**

Depreciation/ Amortization	
As at April 1, 2020	**423**
Charge for the Year	1,549
As at March 31, 2021	**1,972**

Net Block:	
As at April 1, 2020	**4,932**
As at March 31, 2021	**7,129**

Sopris Systems LLC .
Notes forming part of financial statements

	As At March 31, 2021	USD As At March 31, 2020
4 : Other financial assets		
Security deposits	5,000	
Total	**5,000**	**-**
5 : Trade receivables		
Unsecured		
Considered good	646,970	1,314,696
Considered doubtful	(284,245)	(736,323)
	362,725	578,373
Less : Allowances for credit losses	-	-
Total	**362,725**	**578,373**
6 : Cash and cash equivalents		
Balances with banks		
In Current accounts	163,003	365,851
Total	**163,003**	**365,851**
7 : Other current assets		
Loans and advances to employees	-	2,210
Prepaid expenses	6,418	1,945
Other recoverables	684,821	461,814
Total	**701,350**	**465,969**
8 : Other equity		
Securities premium		
Surplus in Statement of Profit and Loss		
Opening balance	(1,524,239)	(996,603)
Profit/(loss) for the year	53,891	(527,636)
Closing balance	**(1,470,348)**	**(1,524,239)**
Total	**(1,470,348)**	**(1,524,239)**
9 : Borrowings		
Loans and advances from related parties		
Inter-corporate borrowings from holding Company - Unsecured	1,810,000	1,960,000
Total	**1,810,000**	**1,960,000**
10 : Other financial liabilities		
Interest accrued on Inter-corporate deposits	135,453	102,123
Statutory remittances	114,227	40,732
Advances from customers	59,249	50,488
Others	248,351	234,744
Total	**557,280**	**428,087**

Sopris Systems LLC .
Notes forming part of financial statements

	For the year ended March 31, 2021	For the year ended March 31, 2020
		USD
11.1 : Revenue from operations		
Revenue from software services	3,965,353	5,972,405
Revenue from hardware/software product and licenses	333,126	127,278
Other operating revenues	1,024	-
Total	**4,299,503**	**6,099,683**
11.2 : Other income		
Provision no longer required written back	85,755	15,817
Miscellaneous income	-	61
Total	**85,755**	**15,878**
12 : Employee benefit expenses		
Salaries, wages, bonus and allowances	3,043,746	4,485,314
Staff welfare expenses	156,632	228,532
Total	**3,218,518**	**4,713,846**
13 : Finance costs		
Interest expense		
Borrowings	33,330	96,566
	33,330	**96,566**
14 : Other expenses		
Repairs and maintenance - Machinery	237	166
Insurance	10,034	4,230
Rates and taxes	45,887	92,896
Communication cost	52,855	81,427
Facility maintenance	195	3,584
Travelling and conveyance expenses	5,592	124,316
Sales commission	45,507	-
Software Project fees	291,533	218,301
Professional and technical fees	13,597	47,527
Legal fees	37,810	51,284
Insourcing professional fees	290,374	219,665
Net loss on foreign currency transaction and translation	174	-
Bad debts	257,139	-
Provision for doubtful trade receivables	(452,078)	401,717
Payment to auditors	-	4,500
Miscellaneous expenses	244,141	362,294
Total	**842,996**	**1,611,907**

Sopris Systems LLC.
Notes forming part of financial statements

15: Contingent Liability
There is no contingent liabilities as at the end of the balance sheet dates.

16. Commitments	**March 31,2021**	**March 31,2020**
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

17 : Segment reporting
The Company is engaged in the business of IT Solution specializes in Enterprise Resource Planning (ERP); Customer Relationship Management (CRM), Project Automation (PSA) and Field Service Automation (FSA) solutions. Our clients depend on successfully managing field services, delivering projects profitably and creating the best possible customer experience. They depend on Sopris to provide technology and business process expertise to make that a reality.
In view of the above, primary and secondary reporting disclosures for business /geographical segments, as envisaged Ind AS 108 are not applicable to the Company.

18 : Related party disclosure
i) Details of related parties :

Description of relationship	**Names of related parties**
Holding Company	Sonata Software North America Inc.
Ultimate Holding Company	Sonata Software Limited

ii) Transactions with related parties :

Particulars	**Holding Company**	**Holding Company**
	March 31,2021	**March 31,2020**
Revenue		
Sonata Software North America Inc.	3,938	15,686
Interactive Business Information Systems Inc.	253,980	174,688
Sonata Software Ltd	-	24,561
Deputation cost / Service charges / Software project fees		
Sonata Software North America Inc.	-	22,402
Interactive Business Information Systems Inc.	219,778	-
Sonata Software Ltd	59,865	195,899
Sonata Software Solutions Limited	11,890	-
Interest on inter corporate deposits		
Sonata Software North America Inc.	33,330	96,566
Inter corporate borrowings taken		
Sonata Software North America Inc.	-	1,010,000
Inter corporate borrowings Paid		
Sonata Software North America Inc.	150,000	145,000

Particulars	**Holding Company**	**Holding Company**
	March 31,2021	**March 31,2020**
Balances outstanding at the end of the year		
Trade payables		
Sonata Software North America Inc.	-	84,786
Sonata Software Ltd	11,235	195,899
Interactive Business Information Systems Inc. (IBIS)	36,950	-
Sonata Software Solutions Limited	3,963	-
Trade Receivables		
Sonata Software North America Inc.	-	15,686
Interactive Business Information Systems Inc. (IBIS)	43,000	8,281
Sonata Software Ltd	24,561	24,561
Advances payable		
Sonata Software North America Inc.	9,827	5,625
Sonata Software Ltd	4,756	-
Advances receivable		
Interactive Business Information Systems Inc. (IBIS)	10,111	-
Inter corporate borrowings		
Sonata Software North America Inc.	1,810,000	1,960,000
Interest accrued on borrowings		
Sonata Software North America Inc.	135,453	96,566

19. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Gapbuster Ltd, UK (Consolidated Financial Statement)
Balance Sheet as at 31st Mar 2021

	Note No.	GBP As At Mar 31,2021	GBP As At Dec 31,2020
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	**3**	34,525	44,234
Deferred tax assets (net)	**4**	218,079	217,625
Other non-current assets	**5**	55,193	57,322
Total non-current assets		**307,797**	**319,182**
CURRENT ASSETS			
Financial assets			
Trade receivables	**6**	593,156	741,898
Cash and cash equivalents	**7**	284,764	434,892
Other current assets	**8**	693,883	588,033
Total current assets		**1,571,803**	**1,764,823**
TOTAL		**1,879,600**	**2,084,005**
EQUITY AND LIABILITIES			
Equity			
Share capital	**9**	9,527,606	9,527,606
Other equity	**10**	(10,250,477)	(10,455,228)
Total Equity		**(722,871)**	**(927,622)**
LIABILITIES			
CURRENT LIABILITIES			
Financial liabilities			
Trade payables	**11**	383,622	328,015
Borrowings	**12**	801,592	818,001
Other financial liabilities	**13**	905,021	1,335,198
Provisions	**14**	512,236	530,413
		2,602,471	**3,011,627**
TOTAL		**1,879,600**	**2,084,005**

Gapbuster Ltd, UK (Consolidated Financial Statement)
Statement of Profit and Loss for the period April 20th, 2020 to Mar 31st, 2021.

	Note No.	GBP For the Quarter ended 31st Mar'21	GBP For the Quarter ended 31st Dec'20	GBP For the Period 20th April'20 to 31st Mar'21
REVENUE				
Revenue from operations	**15.1**	1,492,889	1,191,068	4,364,598
Other income	**15.2**	894	5,034	30,652
Total revenue		**1,493,783**	**1,196,101**	**4,395,250**
EXPENSES				
Employee benefit expenses	**16**	466,607	539,186	1,990,464
Finance costs	**17**	3,678	4,072	14,866
Depreciation and amortization expense	**3**	9,182	9,258	35,278
Other expenses	**18**	824,184	629,731	2,194,342
Total expenses		**1,303,651**	**1,182,247**	**4,234,950**
Profit before tax		**190,132**	**13,854**	**160,299**
Current tax expense		-	-	-
Profit after tax		**190,132**	**13,854**	**160,299**

Gapbuster Ltd, UK (Consolidated Financial Statement)
Cash Flow statement for the quarter ended 31st Mar 2021

	For the Quarter ended March 31, 2021	For the Quarter ended December 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax	**190,132**	**13,854**
Adjustments for :		
Depreciation and amortization expense	9,182	9,258
Interest expense	290	807
Interst paid on ICD	3,388	3,266
Allowance for bad & doubtful trade receivables	26,266	3,740
Interest income	57	77
Net unrealized foreign exchange (gain) / loss	2,057	26,177
Operating Profit before working capital changes	**231,372**	**57,179**
Adjustments for :		
Decrease/(increase) in trade receivables	122,477	15,983
Decrease/(increase) in other current assets	(105,850)	(85,238)
(Decrease)/increase in trade payables	55,607	(18,640)
(Decrease)/increase in other current liabilities	(430,176)	148,459
(Decrease)/increase in short-term provisions	(18,177)	7,100
Cash generated from operations	**(144,749)**	**124,843**
Direct taxes/advance tax paid (net)		
Net cash from operating activities	**(144,749)**	**124,843**
Net cash from operating activities after exceptional items	**(144,749)**	**124,843**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and	-	(22,127)
Interest received	(57)	(77)
Net cash flow from investing activities	**(57)**	**(22,204)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Short-term borrowings from banks (net)		
Interest paid	(290)	(807)
Interest paid on ICD	(3,388)	(3,266)
Inter corporate loan from Parent	-	84,628
Net cash from financing activities	**(3,678)**	**80,556**
Net increase/(decrease) in cash and cash equivalents	(148,484)	183,195
Opening cash and cash equivalents	434,892	253,342
Exchange difference on translation of foreign currency cash and cash equiva	(1,645)	(1,645)
Closing cash and cash equivalents	**284,764**	**434,892**
Balances with banks		
In Current accounts	284,764	434,892
In Deposit accounts		
	284,764	**434,892**

Gapbuster Ltd, UK (Consolidated Financial Statement)
Notes forming part of the financial statements

3 : Property, Plant and Equipment **GBP**

	Tangible Assets				
Particulars	**Office Equipments**	**Furniture and Fixtures**	**Plant and Equipments**	**Leasehold Improvements**	**Total Tangible Assets**
Deemed cost					
As at April 20, 2020	125,624	136,219	2,129,517	57,384	**2,448,743**
Additions				-	**-**
Disposals/Write off	-	-	-	-	**-**
Translation reserve	-	-	-	-	**14,717**
As at Mar 31, 2021	**125,624**	**136,219**	**2,129,517**	**57,384**	**2,463,461**

Depreciation/ Amortization					
As at April 20, 2020	124,833	125,853	2,085,785	57,187	**2,393,657**
Charge for the Year	404	6,371	28,300	203	**35,278**
Disposals/Write off	-	-	-		**-**
As at Mar 31, 2021	**125,237**	**132,224**	**2,114,085**	**57,384**	**2,428,936**

Net Block:					
As at April 20 2020	**791**	**10,366**	**43,732**	**197**	**55,086**
As at Mar 31, 2021	**386**	**3,995**	**15,432**	**(0)**	**34,525**

Gapbuster Ltd, UK (Consolidated Financial Statement)
Notes forming part of financial statements

	GBP As At Mar 31,2021	GBP As At Dec 31,2020
4 : Deferred tax assets (net)		
Deferred tax assets (net)	218,079	217,625
	218,079	**217,625**
5 : Other non-current assets		
Rent Deposit	55,193	57,322
	55,193	**57,322**
6 : Trade receivables		
Unsecured		
Considered good	593,156	741,898
Considered doubtful	29,442	3,143
	622,597	745,042
Less : Provision for doubtful trade receivables	29,442	3,143
Total	**593,156**	**741,898**
7 : Cash and cash equivalents		
Cash on hand	677	698
Balances with banks		
In Current accounts	284,088	434,195
Total	**284,764**	**434,892**
8 : Other current assets		
Income Accrued But Not Due - Sales	428,202	372,068
GST & VAT credit receivable	139,851	134,711
Prepaid expenses	40,795	42,782
Advance taxes	85,034	38,473
Total	**693,883**	**588,033**

Gapbuster Ltd, UK (Consolidated Financial Statement)
Notes forming part of financial statements

	GBP	GBP
	As At	**As At**
	Mar 31,2021	**Dec 31,2020**
9 : Share capital		
Authorized		
Issued, Subscribed and paid-up		
Share capital		
Equity Shares		
22,724 Ordinary shares	227	227
	227	**227**
Preference Shares		
80,287 A preference shares	9,527,099	9,527,099
2,821 B preference shares	140	140
4,641 C preference shares	140	140
	9,527,379	**9,527,379**
Total	**9,527,606**	**9,527,606**
10 : Other equity		
Retained earnings		
Opening balance	(8,397,088)	(8,397,088)
Profit/(loss) for the year	160,299	(29,833)
Closing balance	**(8,236,789)**	**(8,426,921)**
Other Comprehensive Income		
Opening balance	-	-
For the year	(2,013,688)	(2,028,307)
Closing balance	**(2,013,688)**	**(2,028,307)**
Total	**(10,250,477)**	**(10,455,228)**
11 : Trade payables		
Trade payables - other than acceptances	383,621	328,015
Total	**383,621**	**328,015**
12 : Borrowings		
Inter corporate loan payable	801,592	818,001
	801,592	**818,001**
13 : Other financial liabilities		
Income received in advance (Unearned revenue)	57,536	266,970
Interest accrued on Inter-corporate deposits	11,702	8,516
Statutory remittances	255,662	228,736
Others	580,123	830,975
Total	**905,023**	**1,335,198**
14 : Provisions		
Provision for employee benefits		
Provision for compensated absences	512,236	530,413
Total	**512,236**	**530,413**

Statement of Profit and Loss for the period April 20th, 2020 to Mar 31st, 2021.
Notes forming part of financial statements

	GBP For the Quarter ended 31st Mar'21	GBP For the Quarter ended 31st Dec'20	GBP For the Period 20th April'20 to 31st Mar'21
15.1 : Revenue from operations			
Revenue from software services	1,492,889	1,191,068	4,364,598
Total	**1,492,889**	**1,191,068**	**4,364,598**
15.2 : Other income			
Interest income	57	77	464
Miscellaneous income	837	4,957	30,188
Total	**894**	**5,034**	**30,652**
16 : Employee benefit expenses			
Salaries, wages, bonus and allowances	456,118	528,636	1,951,519
Contributions to provident and other funds	8,629	8,332	31,139
Staff welfare expenses	1,860	2,218	7,806
Total	**466,607**	**539,186**	**1,990,464**
17 : Finance costs			
Lease rental discounted	290	353	1,139
Interest on ICD	3,388	3,266	11,753
Interest Others	-	453	1,974
Total	**3,678**	**4,072**	**14,866**
18 : Other expenses			
Power and fuel	1,961	4,036	10,948
Rent	35,036	33,935	73,744
Repairs and maintenance - Machinery	29,061	15,258	71,550
Insurance	5,140	6,157	17,016
Communication cost	17,169	15,267	54,005
Facility maintenance	111	56	5,163
Travelling and conveyance expenses	-	209	241
Shoppers fees & call center cost	676,695	475,446	1,740,986
Professional and technical fees	1,886	773	22,041
Net loss on foreign currency transaction and translation	19,432	39,503	96,333
Provision for doubtful trade receivables	26,266	3,740	(69,087)
Payment to auditors	28,712	12,066	137,232
Miscellaneous expenses	(17,284)	23,284	34,169
Total	**824,184**	**629,731**	**2,194,342**

SONATA SOFTWARE FZ LLC

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
31 MARCH 2021**

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Company registration number	17270
Managers	Srikar Reddy Palem Anantha Padmanabhan (until 8 September 2020) Jagannathan Chakravarthi Narasimhan (appointed 9 September 2020)
Registered office	Office # 2117 Al Shatha Tower Dubai Internet City P.O. Box 502818 Dubai, United Arab Emirates
Banker	Standard Chartered Bank 16th Floor Standard Chartered Tower Downtown Dubai P.O. Box 999 Dubai, United Arab Emirates
Auditors	Russell Bedford Mohamed Al Hashmi Auditors and Accountants Office No. 26, Mezzanine Floor Rashid Al Makhawi Building P.O. Box 113178 Dubai, United Arab Emirates

The general managers have pleasure in presenting their report and the financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The principal activity of the Company is providing value-based information technology (IT) solutions to customers and its range of services includes IT consulting, product engineering services, application development, application management, managed testing, business intelligence, infrastructure management, packaged applications and travel solutions.

RESULTS

The results for the year and the Company's financial position as at 31 March 2021 are shown in the attached financial statements.

GENERAL MANAGERS AND THEIR INTERESTS

As at 31 March 2021, the general managers of the company were Mr. Srikar Reddy Palem and Mr. Jagannathan Chakravarthi and they did not hold any shares in the company.

INDEPENDENT AUDITORS

Russell Bedford Mohamed Al Hashmi Auditors and Accountants have indicated their willingness to remain in office and a resolution to re-appoint them as auditor will be proposed at the Annual General Meeting.

Approved by the general managers on ……………………and signed on their behalf by:

…………………………………………………

Jagannathan Chakravarthi Narasimhan
General Manager

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 USD	2020 USD
ASSETS			
NON - CURRENT ASSETS			
Tangible assets	**6**	180	257
Term deposit	**10**	198,112	198,112
Total non-current assets		198,292	198,369
CURRENT ASSETS			
Trade and other receivables	**7**	202,660	519,810
Cash and cash equivalents	**8**	568,358	93,914
Amounts due from related parties	**12**	791,638	795,354
Total current assets		1,562,656	1,409,078
TOTAL ASSETS		1,760,948	1,607,447
LIABILITIES			
NON - CURRENT LIABILITIES			
Provisions for employees' end of service benefits	**9**	25,733	31,076
CURRENT LIABILITIES			
Trade and other payables	**11**	381,190	124,521
Amounts due to related parties	**12**	2,439,448	2,384,300
Total current liabilities		2,820,638	2,508,821
TOTAL LIABILITIES		2,846,371	2,539,897
EQUITY			
Share capital	**13**	136,129	136,129
Accumulated losses		(1,221,552)	(1,068,579)
Total equity		(1,085,423)	(932,450)
TOTAL LIABILITIES AND EQUITY		1,760,948	1,607,447

The Independent Auditor's Report is set out on pages 3 and 4.

These financial statements were approved by the general managers and authorised for issue on .... and are signed on their behalf by:

…..

Jagannathan Chakravarthi Narasimhan
General Manager

SONATA SOFTWARE FZ LLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	For the year ended 31 March 2021 USD	For the year ended 31 March 2020 USD
Revenue	**4**	951,638	636,829
Cost of services		(668,764)	(523,790)
GROSS PROFIT/(LOSS) FOR THE YEAR		282,874	113,039
General and administrative expenses	**5**	(398,935)	(241,805)
Interest expense		(36,912)	(112,642)
		(152,973)	(241,408)
Other income		-	13,207
NET LOSS FOR THE YEAR		(152,973)	(228,201)
OTHER COMPREHENSIVE INCOME		–	–
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(152,973)	(228,201)

The Independent Auditor's Report is set out on pages 3 and 4.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital USD	**Accumulated losses USD**	**Total USD**
At 1 April 2019	136,129	(840,378)	(704,249)
Loss for the year	–	(228,201)	(228,201)
At 31 March 2020	136,129	(1,068,579)	(932,450)
At 1 April 2020	136,129	(1,068,579)	(932,450)
Loss for the year	–	(152,973)	(152,973)
At 31 March 2021	136,129	(1,221,552)	(1,085,423)

The Independent Auditor's Report is set out on pages 3 and 4.

	For the year ended 31 March 2021 USD	For the year ended 31 March 2020 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(152,973)	(228,201)
Adjustments for non-cash items:		
Expected credit loss allowance	29,825	75,702
Interest expense	36,912	112,642
Provision for employees' end of service benefits	5,893	6,072
Depreciation and amortisation during the year	77	76
	(80,266)	(33,709)
CHANGES IN WORKING CAPITAL		
Change in trade and other receivables	287,325	(94,818)
Change in amounts due from related parties	3,716	97,360
Change in amounts due to related parties	18,236	(210,439)
Change in trade and other payables	256,669	(32,933)
Cash used in operating activities	485,680	(274,539)
Employees' end of service benefits paid	(11,236)	-
NET CASH FLOWS UTILISED IN OPERATING ACTIVITIES	474,444	(274,539)
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES		
Loans from a related party	-	100,000
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	474,444	(174,539)
CASH AND CASH EQUIVALENTS		
At the beginning of the year	93,914	268,453
At the end of the year	568,358	93,914

The Independent Auditor's Report is set out on pages 3 and 4.

1. Legal status and principal activities

Sonata Software FZ LLC ("the Company") was incorporated on 11 January 2009 and is registered in Dubai Internet City ("DIC") in the Emirate of Dubai, United Arab Emirates. The Company is wholly owned by Sonata Software Limited ("the Parent Company"), a company registered in India.

The principal activity of the Company is providing value-based information technology solutions to customers and its range of services includes IT consulting, product engineering services, application development, application management, managed testing, business intelligence, infrastructure management, packaged applications and travel solutions.

The registered address of the Company is Office # 2117, Al Shatha Tower, Dubai Internet City, P.O. Box 502818, Dubai, United Arab Emirates.

2. Going concern

These financial statements have been prepared on a going concern basis notwithstanding that the Company has incurred a net loss of USD 152,973_during the year ended 31 March 2021, (2020: USD 228,201), and as at that date, the accumulated losses amounted to USD 1,221,552 (2020: USD 1,068,579). The management has also assessed the impact of the Covid-19 pandemic on the Company's going concern and concluded that it is not expected to have a material impact. Nevertheless, the continuation of the Company's operations is dependent upon future profitable operations, continued financial support of the shareholders and the ability of the Company to generate sufficient cash flows to meet its future obligations. The shareholder has provided an undertaking that it will continue to provide or arrange such financial support as would be necessary for the Company to meet its obligations as they fall due in the foreseeable future. Should the Company be unable to operate, adjustments would have to be made to reduce the assets to their recoverable amounts and to provide for any further liabilities which might arise.

3. Basis of preparation and significant accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs").

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The financial statements are presented in United States Dollars ("USD"), which is the Company's functional and presentation currency. All values are rounded off to the nearest USD, unless otherwise indicated.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made by the management in the application of IFRS that have significant effect on the financial statements and estimates with significant risk of material adjustment in the next year are disclosed in Note 15.

3. Basis of preparation and significant accounting policies *(continued)*

Use of estimates and judgements *(continued)*

The accounting policies set-out below have been applied consistently to periods presented in these financial statements.

Adoption of new standards and amendments

New and amended standards which were effective as of 1 April 2020 and were either not relevant to the Company or did not have a material impact on the presentation and disclosure of items in the financial statements of the Company are as follows:

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8 Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018

IASB standards and interpretation issued but not adopted

A number of new standards, amendments to standards and interpretations are either applicable or effective for accounting periods starting after 31 March 2021, and have not been adopted in preparing these financial statements:

	Effective date
• IFRS 17 Insurance Contracts	on or after 1 January 2023
• Amendments to IAS 1: Classification of Liabilities as Current or Non-current	on or after 1 January 2023
• Reference to the Conceptual Framework – Amendments to IFRS 3	on or after 1 January 2022
• Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	on or after 1 January 2022
• Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	on or after 1 January 2022
• Annual Improvements to IFRS Standards 2018-2020	on or after 1 January 2022
- IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter	
- IFRS 9 Financial Instruments – Fees in the ’10 per cent’ test for derecognition of financial liabilities	
- IAS 41 Agriculture – Taxation in fair value measurements	
• Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2	on or after 1 January 2021
• Amendments to IFRS 16 Covid-19 Related Rent Concessions	on or after 1 June 2020
• Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28	deferred application date

Management anticipates that these new standards, interpretation and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements in the period of initial application.

3. Basis of preparation and significant accounting policies *(continued)*

Financial assets

Classification
The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI "FVTOCI" or through profit or loss "FVTPL"); and
- Those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement
On initial recognition, a financial asset is classified as measured: at amortised cost, FVTOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTOCI or FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses if any.

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL or at amortised cost:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All other financial assets that are not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment
The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level as this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;

3. Basis of preparation and significant accounting policies *(continued)*

Business model assessment *(continued)*

- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Impairment of financial assets and measurement of ECL
For amounts due from related parties and trade and other receivables, the Company has applied the simplified approach permitted by IFRS 9. The simplified approach is applied to a portfolio of amounts due from a related party and other receivables that are homogenous in nature and carry similar credit risk. However, the simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

Amounts due from related parties and trade and other receivables are written off when they are deemed uncollectible because of bankruptcy or other forms of receivership of the debtors. The assessment of expected credit losses on amounts due from a related party and other receivables takes into account credit-risk concentration, collective debt risk based on average historical losses, specific circumstances such as serious adverse economic conditions in a specific country or region and other forward-looking information.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and credit assessment and including forward-looking information.

At each reporting date, the Company assesses whether financial assets carried at amortised cost or debt financial assets carried at FVTOCI are credit-impaired (if any).

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; - the disappearance of an active market for a security because of financial difficulties.

3. Basis of preparation and significant accounting policies *(continued)*

Other receivables

Other receivables balances that are held to collect are subsequently measured at amortized cost.

Prepayments

Prepayments are expenses paid in advance and recorded as an asset before these are utilised. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realised within 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks, other short-term highly liquid investments that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value with original maturities of three months or less.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Company. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset.

Financial liabilities

The Company classifies non-derivative financial liabilities as amounts due to a related party and other payables. Amounts due to a related party and other payables are recognised initially at fair value. Subsequently, non-derivative financial liabilities are measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the profit or loss.

Offsetting

Financial assets and financial liabilities are only offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company intends to settle on a net basis.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset not only when the reimbursement is virtually certain.

3. Basis of preparation and significant accounting policies *(continued)*

Share capital

Ordinary shares are classified as equity.

Tangible assets

All tangible assets are stated at historical cost less depreciation and provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial year in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Estimated useful life (in years)
Computers and peripherals	3
Office equipment	7
Furniture and fixtures	7

Leasehold improvements and major renovations are amortised over the term of the lease or the estimated useful life of the improvements, whichever is shorter.

Impairment of tangible assets

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Employees' end of service benefits

The provision for employees' end of service benefits is based on the liability that would arise considering employees' accumulated period of service and current basic remuneration at the statement of financial position date and has been calculated in accordance with the UAE Labour Law.

Revenue recognition

Revenue from the rendering of services in the normal course of business is recognised either at a point in time or overtime. The Company recognises revenue overtime if one of the following criteria is met:

- The customer simultaneously receives and consumes all of the benefits provided by the Company as the Company performs;
- The Company's performance creates or enhances an asset that the customer controls as the asset is created; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

3. Basis of preparation and significant accounting policies *(continued)*

Revenue recognition *(continued)*

If the Company does not satisfy its performance obligation over time, it satisfies it at a point in time.

Revenue from the rendering of services is therefore recognised at a point in time or over time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration which the Company expects to be entitled to exchange for transferring promised goods or services to the customer.

Performance obligation on rendering of services

Revenue is recognised at the time when the underlying service is provided to the customers.

Loans and other borrowings

Loans and other borrowings are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted on an accrual basis and are added to the carrying value of the instruments to the extent that they are not settled in the period in which they arise.

Cost and expenses

Cost and expenses are recognised when incurred.

Related party transactions and relationships

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between entities, which are under common control with the reporting enterprise or between the reporting enterprise and its key management personnel or its directors.

Transactions between related parties are accounted for at agreed terms. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

4. Revenue

	For the year ended 31 March 2021 USD	For the year ended 31 March 2020 USD
Revenue from providing value-based information technology (IT) solutions	951,638	636,829

5. General and administrative expenses

	For the year ended 31 March 2021 USD	For the year ended 31 March 2020 USD
Rent and maintenance	30,889	43,065
Salaries	31,389	46,788
Auditor's remuneration	9,491	12,214
Sales commission	275,000	-
Foreign exchange net loss and finance charges	235	4,979
Telephone and internet	6,448	15,140
Other administrative expenses	45,483	119,619
	398,935	241,805

6. Tangible assets

	Leasehold improvements USD	Office equipment USD	Computers and peripherals USD	Furniture and fixtures USD	Total USD
Cost					
At 1 April 2019 and 31 March 2020	2,852	451	8,268	5,236	16,807
At 1 April 2020 and 31 March 2021	2,852	451	8,268	5,236	16,807
Accumulated depreciation					
At 1 April 2019	2,852	451	8,268	4,826	16,397
Charge during the year	–	–	–	77	77
At 31 March 2020	2,852	451	8,268	4,903	16,474
At 1 April 2020	2,852	451	8,268	4,979	16,550
Charge during the year	–	–	–	77	**77**
At 31 March 2021	2,852	451	8,268	5,056	16,627
Net book value					
At 31 March 2021	–	–	–	**180**	**180**
At 31 March 2020	**–**	**–**	**–**	**257**	**257**

7. Trade and other receivables

	2021 USD	2020 USD
Trade receivables	173,635	562,589
Less: Expected credit loss allowance	(29,825)	(75,702)
Net trade receivables	143,810	486,887
Prepayments	1,465	5,927
Other receivables and deposits	57,385	26,996
	202,660	519,810

The movements in the expected credit loss allowance are as follows:

	2021 USD	2020 USD
At 1 April	75,702	118,062
Provision during the year	29,825	75,702
Reversal during the year	(75,702)	(118,062)
At 31 March	29,825	75,702

The Company's risk exposure and expected credit losses on other receivables and deposits are disclosed in Note 14.

8. Cash and cash equivalents

	2021 USD	2020 USD
Cash in bank	568,358	93,914

This includes cash balances in United States Dollar ("USD"), Qatari Rial ("QAR"), United Arab Emirates Dirham ("AED") current accounts with a commercial bank in the United Arab Emirates. The carrying amount of these assets is approximately equal to their fair value.

Management has concluded that the Expected Credit Loss ("ECL") for the bank balances are immaterial as these balances are held with a bank whose credit risk rating by international rating agencies has been assessed as low.

9. Provision for employees' end of service benefits

	2021 USD	2020 USD
At 1 April	31,076	25,004
Provision for the year	5,893	6,072
Payment during the year	(11,236)	-
At 31 March	25,733	31,076

10. Term deposit

The Company is required to maintain a cash margin of USD 198,112 with Standard Chartered Bank in respect of the bank guarantee issued to Saudi Rail Company. The cash margin cannot be withdrawn or used by the Company for liquidity purposes whilst the guarantee is outstanding. Upon maturity of the guarantee on 26 April 2022, the Company and the Bank intend to settle the cash margin deposit.

11. Trade and other payables

	2021 USD	2020 USD
Trade creditors	2,071	20,708
Accrued salaries and benefits	11,131	26,039
Accrued sales commission	288,767	13,767
Accrued other expenses	72,240	6,695
Other payables	6,981	57,312
	381,190	124,521

12. Related party transactions

The Company, in the normal course of its business, enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties comprise companies and entities under common control ownership and/or common management and control and key management personnel. These transactions have been carried out on the basis of the terms agreed between the Company and the management of the related parties.

Details of the Company's related party transactions are as follows:

	For the year ended 31 March 2021 USD	For the year ended 31 March 2020 USD
Operational charges to related parties	288,799	342,702
Reimbursement of expenses	12,572	106,878
Loans from a related party	2,090,000	2,090,000
Interest expense on loans	36,912	112,642
	2,428,283	2,652,222

The following balances were outstanding at the end of the reporting year:

Amounts due from related parties	2021 USD	2020 USD
Sonata Software (Qatar) LLCS (Entity under common control)	763,026	766,742
Mohamed Nasser Abdullah Al Misnad (Joint venture)	28,422	28,422
Sonata Software Limited (Shareholder)	190	190
	791,638	795,354

Amounts due to related parties	2021 USD	2020 USD
Sonata Software Limited (Shareholder)	77,831	59,595
Sonata Software North America Inc.* (Entity under common control)	2,361,617	2,324,705
	2,439,448	2,384,300

*The Company obtained a loans from Sonata Software North America with an average interest rate of 5.52% per annum on May 23, 2017, August 8, 2017, March 26, 2018, September 20, 2018, December 12, 2018, July 31, 2019 and October 31, 2019 amounted to USD 500,000, USD 300,000, USD 600,000, USD 340,000, USD 250,000, USD 50,000 and USD 50,000, respectively. The loan is repayable on demand. Total interest expenses accrued amounted to USD 234,705 while USD 112,642 and USD 99,921 were the interest expenses for the year ended 31 March 2021 and 31 March 2020, respectively.

13. Share capital

The details of share capital at 31 March are shown below:

	2021 Number of shares	2021 Amount USD	2020 Number of shares	2020 Amount USD
Authorised shares of AED 1,000 each (converted to USD at the rate of 3.673 each)	500	136,129	500	136,129
Issued and paid	500	136,129	500	136,129

14. Financial instruments

	2021 Carrying amount USD	2021 Fair value USD	2020 Carrying amount USD	2020 Fair value USD
Financial assets				
Cash and cash equivalents	568,358	568,358	93,914	94,914
Amounts due from related parties	791,638	791,638	795,354	795,354
Trade and other receivables	201,195	201,195	513,883	513,883
Term deposit	198,292	198,292	198,112	198,112
Financial liabilities				
Trade and other payables	381,190	381,190	124,521	124,521
Amounts due to related parties	2,439,448	2,439,448	2,384,300	2,384,300
Provision for employee's end of service benefits	25,733	25,733	31,076	31,076

The fair value of financial assets and liabilities approximate the book value at 31 March 2021. Accounting policies for financial assets and financial liabilities are set out in Note 3. Trade and other receivables exclude prepayments.

The main risks arising from the company's financial instruments are credit risk and liquidity risk.

The company manages these risks as follows:

Credit risk

The Company is potentially exposed to concentration of credit risk from its financial assets which is comprised primarily of bank balance, trade and other receivables and amounts due from related parties.

Bank balance

Credit risk from bank is managed in accordance with the Company's policy. The Company's bank account is placed only with high credit quality financial institution. Expected credit loss for bank balance is disclosed in Note 8.

Trade and other receivables, amounts due from related parties and term deposit

The credit risk on amounts due from trade and other receivables and related parties are subjected to credit evaluations. The Company assesses the credit quality of the trade and other receivables and related parties, taking into account its financial position, past experience and other factors. Outstanding receivable balances are regularly monitored. Expected credit loss for trade receivables is disclosed in Note 7. The Company assesses that there are no estimated credit losses in the amounts due from related parties, other receivables and term deposit.

14. Financial instruments *(continued)*

Other financial assets

With respect to credit risk arising from other financial assets of the Company, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Currency risk

The Company has some transactions in QAR and AED and accordingly is subject to currency risk from the fluctuation of exchange rates between USD these currencies. Since Saudi Riyal and AED are pegged against USD, the risk of exchange rate fluctuation is minimized. The Company continuously monitors the foreign exchange rate fluctuations and in the event of any significant risk, the management will discuss on how to minimise the risk.

Liquidity risk

The Company is cash positive and aims to ensure that sufficient funds are always available for its operating activities. Whilst there is no requirement for additional working capital at present, the management will continue to monitor the company's cash requirements.

15. Accounting estimates and judgments

There were no judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment.

16. Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to shareholders.

The capital structure of the Company consists of equity attributable to equity holders, comprising of authorised, issued and paid up capital.

As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review.

17. Operating lease commitments

The company has entered into non-cancellable operating leases with a term of one year.

The total of the future minimum lease payments are as follows:

	2021 USD	**2020 USD**
Less than one year	13,06	16,334

18. Contingent Liabilities and Commitments

Contingent Liabilities

As at 31 March 2020, there are no known legal proceedings or other contingent liabilities against the Company (2019: Nil).

Commitments

The Company does not have any significant capital commitments as at 31 March 2021 (2020: Nil).

19. Comparative figures

Prior year's figures have been reclassified, where necessary, to conform to the current year's presentation. These reclassifications had no effect on the reported results of operations.

20. Subsequent events

There are no post balance sheet events that require disclosure in the financial statements.

SONATA SOFTWARE (QATAR) LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

SONATA SOFTWARE (QATAR) LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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OFFICERS AND PROFESSIONAL ADVISERS

FOR THE YEAR ENDED 31 MARCH 2021

Company registration number	51072
General Managers	Mr. Anantha Balasubramanian Mr. Mysore Prasad
Registered office	Office 543, Regus Business Centre 5th Floor, Gath Building Fereej Bin Mahmood South Near Ramada Junction P.O. Box 47095 Doha, Qatar
Bankers	Standard Chartered Bank Level 17, Doha Tower P.O. Box 29 Doha, Qatar
Auditors	Russell Bedford Mohamed Al Hashmi Auditors and Accountants Office No. 26, Mezzanine Floor Rashid Al Makhawi Building Oud Metha Road Dubai, United Arab Emirates

The general managers have pleasure in presenting their report and the financial statements for the year ended 31 March 2021.

PRINCIPAL ACTIVITIES

The principal activities of the Company are software development and information technology consulting.

RESULTS

The results for the year and the Company's financial position as at 31 March 2021 are shown in the attached financial statements.

GENERAL MANAGERS AND THEIR INTERESTS

As at 31 March 2021, the general managers of the Company were Mr. Anantha Balasubramanian and Mr. Mysore Prasad and they did not hold any shares in the Company.

INDEPENDENT AUDITORS

Russell Bedford Mohamed Al Hashmi Auditors and Accountants have indicated their willingness to remain in office and a resolution to re-appoint them as auditor will be proposed at the Annual General Meeting.

Approved on …………………… and signed on behalf of the general managers by:

……………………
Mr. Mysore Prasad
General Manager

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Notes	2021 USD	2020 USD
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**4**	58,375	74,233
Prepayments and other receivables	**5**	6,706	28,969
Amounts due from a related party	**6**	45,552	49,530
TOTAL ASSETS		110,633	152,732
LIABILITIES			
CURRENT LIABILITIES			
Amounts due to a related party	**6**	763,029	766,742
Accruals and other payables	**7**	11,974	15,129
TOTAL LIABILITIES		775,003	781,871
EQUITY			
Share capital	**8**	55,080	55,080
Accumulated losses		(719,450)	(684,219)
TOTAL EQUITY		(664,370)	(629,139)
TOTAL LIABILITIES AND EQUITY		110,633	152,732

The Independent Auditor's Report is set out on pages 3 and 4.

These financial statements were approved by the general managers and authorised for issue on .... and are signed on their behalf by:

…..
Mr. Mysore Prasad
General Manager

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	For the year ended 31 March 2021 USD	For the year ended 31 March 2020 USD
Revenue	9	82,426	150,244
Cost of services		(82,426)	(150,244)
GROSS PROFIT FOR THE YEAR		-	-
General and administrative expenses	10	(37,945)	(61,047)
Other income		2,714	9,386
NET LOSS FOR THE YEAR		(35,231)	(51,661)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(35,231)	(51,661)

The Independent Auditor's Report is set out on pages 3 and 4.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2021

	Share capital USD	Accumulated losses USD	Total USD
As at 1 April 2019	55,080	(632,558)	(577,478)
Loss for the year	-	(51,661)	(51,661)
As at 31 March 2020	55,080	(684,219)	(629,139)
As at 1 April 2020	55,080	(684,219)	(629,139)
Loss for the year	-	(35,231)	(35,231)
As at 31 March 2021	55,080	(719,450)	(664,370)

The Independent Auditor's Report is set out on pages 3 and 4.

	For the year ended 31 March 2021 USD	For the year ended 31 March 2020 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(35,231)	(51,661)
Changes in working capital		
Change in prepayments and other receivables	22,263	(14,842)
Change in amounts due from a related party	3,978	137,863
Change in amounts due to a related party	(3,713)	(97,363)
Change in accruals and other payables	(3,155)	(8,023)
NET CASH UTILISED IN OPERATING ACTIVITIES	(15,858)	(34,026)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(15,858)	(34,026)
CASH AND CASH EQUIVALENTS		
At the beginning of the year	74,233	108,259
At the end of the year	58,375	74,233

The Independent Auditor's Report is set out on pages 3 and 4.

1. Legal status and principal activities

Sonata Software (Qatar) LLC (the "Company") is a limited liability company incorporated on 7 June 2011 and is registered in the Qatar Chamber of Commerce and Industry in Doha, Qatar. The principal activities of the company are software development and information technology consulting.

The shareholders and their percentage of shareholdings for the year ended 31 March 2021 are as follows:

Shareholders	% of shareholdings
Mohamed Nasser Abdullah Al Misnad	51%
Sonata Software Limited	49%

The registered office address of the Company is Office 543, Regus Business Centre, 5th Floor, Gath Building, Fereej Bin Mahmood South, Near Ramada Junction, P.O Box 47095, Doha, Qatar.

2. Going concern

These financial statements have been prepared on a going concern basis notwithstanding that the Company has incurred a net loss of USD 35,231 for the year ended 31 March 2021 (2020: USD 51,661). As at that date, the net current liability amounted to USD 664,370 (2020: USD 629,139) and the accumulated losses amounted to USD 719,450 (2020: USD 684,219). The management has also assessed the impact of the COVID-19 pandemic on the Company's going concern and concluded that it is not expected to have a material impact. Nevertheless, the continuation of the Company's operations is dependent upon future profitable operations, continued financial support of the shareholders and the ability of the Company to generate sufficient cash flows to meet its future obligations. The shareholder has provided an undertaking that it will continue to provide or arrange such financial support as would be necessary for the Company to meet its obligations as they fall due in the foreseeable future. Should the Company be unable to operate, adjustments would have to be made to reduce the assets to their recoverable amounts and to provide for any further liabilities which might arise.

3. Basis of preparation and significant accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of measurement

The financial statements have been prepared on the historical cost basis.

Functional and presentation currency

The financial statements are presented in United States Dollars ("USD"), which is the Company's functional and presentation currency. All values are rounded off to the nearest USD, unless otherwise indicated.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

3. Basis of preparation and significant accounting policies *(continued)*

Use of estimates and judgements *(continued)*

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made by the management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 12.

Adoption of new standards and amendments

New and amended standards which were effective as of 1 April 2020 and were either not relevant to the Company or did not have a material impact on the presentation and disclosure of items in the financial statements of the Company are as follows:

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8); and
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

IASB standards and interpretation issued but not adopted

A number of new standards, amendments to standards and interpretations are either applicable or effective for accounting periods starting after 31 March 2021, and have not been adopted in preparing these financial statements,

Description	**Effective for annual periods beginning on or after**
IFRS 17 – Insurance Contracts	1 January 2023
Amendments to IAS 1 – Presentation of financial statements on classification of liabilities	1 January 2022
Narrow-scope amendments to IFRS 3, IAS 16, IAS 37 and some annual improvements on IFRS 9 and IFRS 16	1 January 2022

Management anticipates that these new standards, interpretation and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements in the period of initial application.

Financial assets

Classification
The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through OCI “FVTOCI” or through profit or loss “FVTPL”); and
- Those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

3. Basis of preparation and significant accounting policies *(continued)*

Financial assets *(continued)*

Measurement
On initial recognition, a financial asset is classified as measured: at amortised cost, FVTOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as at FVTOCI or FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses if any.

A debt instrument is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL or at amortised cost:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income (OCI). This election is made on an investment-by-investment basis.

All other financial assets that are not classified as measured at amortised cost or FVTOCI are measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirement to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment
The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level as this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Company's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about the future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realised.

3. Basis of preparation and significant accounting policies *(continued)*

Financial assets *(continued)*

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets.

Impairment of financial assets and measurement of ECL
For amounts due from a related party and other receivables, the Company has applied the simplified approach permitted by IFRS 9. The simplified approach is applied to a portfolio of amounts due from a related party and other receivables that are homogenous in nature and carry similar credit risk. However, the simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables.

Amounts due from a related party and other receivables are written off when they are deemed uncollectible because of bankruptcy or other forms of receivership of the debtors. The assessment of expected credit losses on amounts due from a related party and other receivables takes into account credit-risk concentration, collective debt risk based on average historical losses, specific circumstances such as serious adverse economic conditions in a specific country or region and other forward-looking information.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and credit assessment and including forward-looking information.

At each reporting date, the Company assesses whether financial assets carried at amortised cost or debt financial assets carried at FVTOCI are credit-impaired (if any).

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; - the disappearance of an active market for a security because of financial difficulties.

Prepayments

Prepayments are expenses paid in advance and recorded as an asset before these are utilised. Prepayments are apportioned over the period covered by the payment and charged to profit or loss when incurred. Prepayments that are expected to be realised within 12 months after the financial reporting period are classified as current assets. Otherwise, these are classified as non-current assets.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held with banks, other short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value with original maturities of three months or less.

3. Basis of preparation and significant accounting policies *(continued)*

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Company. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset.

Financial liabilities

The Company classifies non-derivative financial liabilities as amounts due to a related party and accruals and other payables. Amounts due to a related party and accruals and other payables are recognised initially at fair value. Subsequently, non-derivative financial liabilities are measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the profit or loss.

Offsetting

Financial assets and financial liabilities are only offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company intends to settle on a net basis.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. When the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset not only when the reimbursement is virtually certain.

Share capital

Ordinary shares are classified as equity.

Revenue recognition

Revenue is recognised at the time when the underlying service is provided to the customer.

3. Basis of preparation and significant accounting policies *(continued)*

Revenue

The Company recognises revenue over time if one of the following criteria is met:

- The customer simultaneously receives and consumes all of the benefits provided by the Company as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created; or
- The Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date.

If the Company does not satisfy its performance obligation over time, it satisfies it at a point in time. Revenue is recognised as contract activity progresses and the right to consideration is earned.

Revenue from the sale of services is therefore recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration which the Company expects to be entitled in exchange for the services provided to the customer.

The consideration expected by the Company may include fixed or variable amounts. Revenue is recognised when it transfers control over services to the customer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct services are accounted for separately based on their stand-alone selling prices. A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Costs and expenses

Costs and expenses are recognised when incurred.

Related party transactions and relationships

Related party relationships exist when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between entities, which are under common control with the reporting enterprise or between the reporting enterprise and its key management personnel, directors, or its shareholder. Transactions between related parties are accounted for at agreed terms. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3. Basis of preparation and significant accounting policies *(continued)*

Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rate of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

4. Cash and cash equivalents

This includes cash balances held in a Qatari Riyal ("QAR") current account with a commercial bank in Qatar.

Management has concluded that the Expected Credit Loss (ECL) for the bank balance is immaterial as this balance is held with a bank whose credit risk rating by international rating agencies has been assessed as low.

5. Prepayments and other receivables

	2021 USD	2020 USD
Prepayments	2,830	3,725
Security deposit	3,876	3,876
Other receivables*	-	21,368
	6,706	28,969

*The Company assesses the ECL on other receivables. During the year, the Company made a provision for ECL for all other receivables amounting to USD 8,242. Estimated credit loss related to other financial assets are disclosed in note 11.

6. Related party transactions

The Company, in the normal course of its business, enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. Related parties comprise companies and entities under common control ownership and/or common management and control, key management personnel and shareholder. These transactions have been carried out on the basis of the terms agreed between the Company and the management of the related parties.

Details of the Company's related party transactions are as follows:

	For the year ended 31 March 2021 USD	For the year ended 31 March 2020 USD
Operational charges	82,426	150,244

6. Related party transactions *(continued)*

The following balances were outstanding at the end of the reporting year:

Amounts due to a related party	2021 USD	2020 USD
Sonata Software FZ LLC (Entity under common control)	763,029	766,742

Amounts due from a related party	2021 USD	2020 USD
Sonata Software Limited (Shareholder)	45,552	49,530

7. Accruals and other payables

	2021 USD	2020 USD
Accruals	9,596	9,565
Other payables	2,378	5,564
	11,974	15,129

8. Share capital

The details of share capital at 31 March are shown below:

	2021 Number of shares	2021 Amount USD	2020 Number of shares	2020 Amount USD
Authorised shares of QAR 1,000 each (converted to USD at the rate of 0.2754 each)	200	55,080	200	55,080
Issued and paid	200	55,080	200	55,080

9. Revenue

	For the year ended 31 March 2021 USD	For the year ended 31 March 2020 USD
Revenue from software development and information technology consulting	82,426	150,244

10. General and administrative expenses

	For the year ended 31 March 2021 USD	For the year ended 31 March 2020 USD
Office rent	20,012	22,306
Audit fee	6,500	9,214
Other administrative expenses	11,433	29,527
	37,945	61,047

11. Financial instruments

	2021 Carrying amount USD	2021 Fair value USD	2020 Carrying amount USD	2020 Fair value USD
Financial assets				
Cash and cash equivalents	58,375	58,375	74,233	74,233
Other receivables	3,876	3,876	25,244	25,244
Amounts due from a related party	45,552	45,552	49,530	49,530
Financial liabilities				
Accruals and other payables	11,974	11,974	15,129	15,129
Amounts due to a related party	763,029	763,029	766,742	766,742

The fair value of financial assets and liabilities approximate their book value at 31 March 2021. Accounting policies for financial assets and financial liabilities are set out in Note 3.

The main risks arising from the Company's financial instruments are credit risk and liquidity risk.

The Company manages these risks as follows:

Credit risk

The Company is potentially exposed to concentration of credit risk from its financial assets which comprises of bank balance, amounts due from a related party and other receivables.

Bank balance

Credit risk from bank is managed in accordance with the Company's policy. The Company's bank account is placed only with a high credit quality financial institution. Expected credit loss for bank balance is disclosed in Note 4.

Amounts due from a related party

The credit risk on amounts due from a related party is subjected to credit evaluations. The Company assesses the credit quality of the amounts due from a related party taking into account its financial position, past experience and other factors. Outstanding receivable balances are regularly monitored. The Company assesses that there are no estimated credit losses in the amounts due from a related party.

11. Financial instruments *(continued)*

Credit risk (continued)

Other receivables

During the year, the Company made a provision for expected credit losses for all the other receivables.

Liquidity risk

Management continuously monitors its cash flows to determine its cash requirements and makes comparisons with its funded facilities with banks and with its suppliers in order to manage exposure to liquidity risk.

12. Accounting estimates and judgements

There were no judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment.

13. Capital risk management

The capital is managed by the Company in a way that it is able to continue as a going concern while maximising returns to shareholders.

The capital structure of the Company consists of equity attributable to equity holders, comprising of authorised, issued and paid up capital.

As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review.

14. Contingent liabilities and commitments

Contingent liabilities

As at 31 March 2021, there are no known legal proceedings or other contingent liabilities against the Company (2020: Nil).

Commitments

The Company does not have any significant capital commitments as at 31 March 2021 (2020: Nil).

15. Comparative figures

Prior year's figures have been reclassified, where necessary, to conform to the current year's presentation. These reclassifications had no effect on the reported results of operations.

16. Subsequent events

There are no post balance sheet events that require disclosure in the financial statements.

SRP GmbH

Steuerberatungsgesellschaft

FINANCIAL STATEMENTS

as at 31 March 2021

Sonata Software GmbH

Beethovenstraße 5

60325 Frankfurt am Main

Certification of independent auditors

We have reviewed the accompanying balance sheet of Sonata Software GmbH as of March 31, 2021 and the related profit and loss account for the period April 1, 2020 to March 31, 2021. These financial statements are in the responsibility of the management of Sonata Software GmbH. Our responsibility is to express an opinion on these financial statements based on our review.

We conducted our review in accordance with reviewing standards generally accepted by the auditing profession in Germany. Those standards require that we plan and perform the review to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial situation of Sonata Software GmbH as of March 31, 2021 and the results of its operations for the aforesaid period, in conformity with accounting principles generally accepted in Germany.

Sonata Software GmbH is a wholly owned subsidiary of Sonata Software Limited.

Cologne, 19 April 2021

SRP GmbH
Steuerberatungsgesellschaft

Balance Sheet as at 31/03/2021

Sonata Software GmbH

Frankfurt am Main

ASSETS

	Financial Year EUR	Prior Year EUR
A. Current assets	278,625.18	333,218.25
	278,625.18	**333,218.25**

TOTAL EQUITY AND LIABILITIES

	Financial Year EUR	Prior Year EUR
A. Equity	204,655.90	214,908.89
B. Provisions	47,618.00	83,231.00
C. Liabilities	26,351.28	35,078.36
- of which remaining term up to 1 year EUR 26,351.28 (EUR 35,078.36)		
	278,625.18	**333,218.25**

Income Statement from 01/04/2020 to 31/03/2021

Sonata Software GmbH
Frankfurt am Main

	Financial Year EUR	Prior Year EUR
1. Sales	369,144.61	656,247.34
2. Other income	94,020.90	2,221.99
3. Personnel expenses	421,366.60	742,840.72
4. Other expenses	52,051.90	88,801.73
5. Taxes	0.00	35,716.25
6. Net loss	**10,252.99**	**208,889.37**

Frankfurt am Main, 19 April 2021

R. S. [signature]

Ramarao Sathyanarayana
Managing Director

Accounts as at 31/03/2021

Sonata Software GmbH

Frankfurt am Main

ASSETS

Account	Description	EUR	Financial Year EUR	Prior Year EUR
	Current assets			
1200	Trade receivables	26,532.15		194,192.86
1340	Receivables from employees (payroll)	2,985.29		2,985.29
1350	Security deposits	1,060.00		1,060.00
1420	Accounts receivable from VAT adv. paym.	0.00		402.06
1434	Input tax ded. following period/year	361.00		0.48
1435	Receivables from trade tax overpaymts	19,836.00		19,836.00
1450	Reclaimed corporate income tax	22,043.03		22,043.03
1457	Receivables Bundesagentur für Arbeit	11,267.32		0.00
1800	HypoVereinsbank # 364 624 700	194,540.39		86,951.79
3300	Trade payables	0.00		5,746.74
			278,625.18	333,218.25
			278,625.18	**333,218.25**

Accounts as at 31/03/2021

Sonata Software GmbH

Frankfurt am Main

TOTAL EQUITY AND LIABILITIES

Account	Description	EUR	Financial Year EUR	Prior Year EUR
	Equity			
		10,252.99-		208,889.37-
2900	Subscribed capital	25,000.00		25,000.00
2920	Capital reserves	25,000.00		25,000.00
2970	Retained profits bef apprprtn net profit	164,908.89		373,798.26
			204,655.90	214,908.89
	Provisions			
3070	Other provisions	5,618.00		10,200.00
3079	Provisions for vacation pay	39,500.00		68,031.00
3095	Provsns period-end closing/ audit costs	2,500.00		5,000.00
			47,618.00	83,231.00
	Liabilities			
3300	Trade payables	6,069.00		7,203.73
3450	Liablts other l-t investees/investors	13,350.00		12,350.00
3730	Wage and church tax payables	2,860.99		10,613.72
3740	Social security liabilities	0.00		4,675.31
		22,279.99		34,842.76
1405	Deductible input tax, 16%	1,618.72-		0.00
1406	Deductible input tax, 19%	6,946.60-		13,631.24-
3805	VAT, 16%	19,194.40		0.00
3806	VAT, 19%	21,917.37		69,340.00
3820	VAT prepayments	32,546.45-		55,708.76-
3830	VAT prepayments 1/11	2,808.00-		0.00
3840	VAT, current year	6,879.29		235.60
		4,071.29		235.60
			26,351.28	35,078.36

of which remaining term up to 1 year
EUR 26,351.28 (EUR 35,078.36)

3300 Trade payables
3450 Liablts other l-t investees/investors
3730 Wage and church tax payables
3740 Social security liabilities

1405 Deductible input tax, 16%
1406 Deductible input tax, 19%
3805 VAT, 16%
3806 VAT, 19%
3820 VAT prepayments
3830 VAT prepayments 1/11

	Financial Year EUR	Prior Year EUR
Carried forward	278,625.18	333,218.25

Accounts as at 31/03/2021

Sonata Software GmbH

Frankfurt am Main

TOTAL EQUITY AND LIABILITIES

Account	Description	EUR	Financial Year EUR	Prior Year EUR
Brought forward			278,625.18	333,218.25
3840	VAT, current year			
			278,625.18	**333,218.25**

Income Statement Accounts from 01/04/2020 to 31/03/2021

Sonata Software GmbH

Frankfurt am Main

Account	Description	EUR	Financial Year EUR	Prior Year EUR
	Sales			
4336	Tax-exemt other serv. s. 18b UStG	111,095.00		291,300.00
4338	Tax-exempt sales 3rd country	22,730.00		0.00
4400	Revenue, 19%/16% VAT	235,319.61		364,947.34
			369,144.61	656,247.34
	Other income			
4830	Other operating income	57,561.01		274.40
4930	Income from reversal of provisions	36,183.12		1,940.00
4960	Prior - period income	276.77		7.59
			94,020.90	2,221.99
	Personnel expenses			
6000	Wages and salaries	30,724.23		0.00
6020	Salaries	300,059.16		600,139.55
6076	Exp. chge. prov. vac. pay	0.00		13,305.00
6110	Statutory social security expenses	90,583.21		127,430.47
6120	Contrb. to occup. health/safety agency	0.00		1,965.70
			421,366.60	742,840.72
	Other expenses			
6300	Other operating expenses	0.00		149.59
6310	Rent (immovable property)	3,312.00		3,300.00
6400	Insurance premiums	0.00		929.14
6420	Contributions	531.32		238.00
6436	Late filing penalties/ admin. fines	0.00		80.00
6437	N-tx dedctbl l.filg. penlts/admin. fines	0.00		464.00
6600	Advertising costs	0.00		2,091.02
6630	Corporate hospitality expenses	0.00		13,369.87
6650	Employee travel expenses	2,720.58		2,483.03
6800	Postage	85.73		56.05
6805	Telephone	2.00		2.50
6825	Legal and consulting expenses	16,472.88		30,293.76
6827	Period-end closing and audit costs	2,500.00		5,000.00
6830	Bookkeeping expenses	12,715.00		14,400.02
6831	Payroll accounting costs	10,940.00		15,450.00
6855	Incidental monetary transaction costs	763.06		436.55
6881	Cur. transl. losses (not s. 256a HGB)	0.00		26.38
6960	Prior-period expenses	2,009.33		31.82
			52,051.90	88,801.73
	Taxes			
7603	Corporate income tax for prior years	0.00		23,176.25
7641	Backp/refunds trade tax pr yrs, s 4/5	0.00		12,540.00
			0.00	35,716.25
	Net loss		**10,252.99**	**208,889.37**

Receivables And Payables as at 31/03/2021

Sonata Software GmbH

Frankfurt am Main

LIST OF RECEIVABLES
DEBTORS WITH DEBIT BALANCES

Account	Description	EUR	Financial Year EUR	Prior Year EUR
10201	Computacenter AG & Co. oHG	9,947.23		16,978.92
11801	Sonata Europe Limited	7,830.00		139,850.00
11901	TUI InfoTec GmbH	8,754.92		37,363.94
			26,532.15	194,192.86
			26,532.15	**194,192.86**

Receivables And Payables as at 31/03/2021

Sonata Software GmbH

Frankfurt am Main

LIST OF PAYABLES
CREDITORS WITH CREDIT BALANCES

Account	Description	EUR	Financial Year EUR	Prior Year EUR
70604	Global Assekuranz-Versicherungsmakler Gm	0.00		595.00
71704	o & m office & more GmbH & Co.KG (ehem.	0.00		337.43
71800	Sunita Phadnis-Otto	3,808.00		3,808.00
72102	SRP GmbH Steuerberatungsgesellschaft	2,261.00		2,463.30
			6,069.00	7,203.73
			6,069.00	**7,203.73**

Receivables And Payables as at 31/03/2021

Sonata Software GmbH

Frankfurt am Main

LIST OF PAYABLES
CREDITORS WITH DEBIT BALANCES

Account	Description	EUR	Financial Year EUR	Prior Year EUR
70003	Crown Plaza Schweizer Hof Hotel GmbH & C		0.00	5,746.74
			0.00	**5,746.74**

Identifying Information according to Commercial Register

Company Name acc. to Commercial Register:	Sonata Software GmbH
Place of the company:	Frankfurt am Main
Register Entry:	Handelsregister
Register Court:	Frankfurt am Main
Register No.	74245

General terms and conditions for German tax advisors *(Steuerberater, Steuerbevollmächtigte)* and firms of tax advisors *(Steuerberatungsgesellschaften)*

as of July 2018

These "general terms and conditions" shall govern contracts between German qualified tax advisors *(Steuerberater, Steuerbevollmächtigte)* as well as firms of tax advisors *(Steuerberatungsgesellschaften)* (hereinafter collectively referred to as the 'Tax Advisors', and each of them a 'Tax Advisor') and their clients *(Auftraggeber)*, unless otherwise expressly agreed in text form *(Textform)* or prescribed by law.

1. Scope and execution of the engagement

(1) The scope of the services to be rendered by the Tax Advisor shall be governed by the specific engagement. The engagement shall be executed in accordance with the principles of proper professional practice and in compliance with the relevant rules of professional conduct and professional obligations (cf. German Act Regulating the Profession of Tax Advisors *[Steuerberatungsgesetz – StBerG]* [hereinafter **"StBerG"**], German Professional Code of Conduct for Tax Advisors *[Berufsordnung der Steuerberater – BOStB]*).

(2) Foreign law shall only be taken into account if this has been expressly agreed in text form.

(3) In the event that the legal position changes after a matter has been conclusively completed, the Tax Advisor shall not be under any obligation to alert the client to such change or the resulting implications.

(4) The review of the documents and figures provided to the Tax Advisor, in particular the accounts and balance sheet, with regard to accuracy, completeness and conformity with applicable rules shall not form part of the engagement unless otherwise expressly agreed in text form. The Tax Advisor will assume that the information provided by the client, in particular the figures, is correct and will use it as a basis for his/her work. To the extent that he/she detects any evident inaccuracies, the Tax Advisor shall be obliged to point them out.

(5) The engagement shall not be deemed to constitute an authorization to represent the client before public authorities, courts and other bodies. Such authorization would need to be granted separately. Where, owing to the client's absence, it proves impossible to coordinate with him/her as to the filing of legal remedies, the Tax Advisor shall be deemed, in case of doubt, to be both authorized and obliged to take action with a view to meeting a deadline.

2. Duty of confidentiality

(1) In accordance with the law, the Tax Advisor shall be under a duty to maintain confidentiality with regard to all facts that have come to his/her attention in connection with the execution of the engagement unless the client releases him/her from this duty. The duty of confidentiality shall continue even beyond a termination of the contractual relationship. The duty of confidentiality shall apply, to the same extent, to the Tax Advisor's staff.

(2) The duty of confidentiality shall not apply to the extent that a disclosure is necessary in order to protect the Tax Advisor's legitimate interests. Furthermore, the Tax Advisor is hereby released from the duty of confidentiality to the extent that, under the terms and conditions of his/her professional liability insurance, he/she has a duty to provide information and cooperate.

(3) The foregoing shall not affect any statutory rights to refuse to provide information or to refuse to testify under sect. 102 German General Tax Code *(Abgabenordnung – AO)*, sect. 53 German Code of Criminal Procedure *(Strafprozessordnung – StPO)* and sect. 383 German Code of Civil Procedure *(Zivilprozessordnung – ZPO)*.

(4) The Tax Advisor is hereby released from the duty of confidentiality to the extent that (i) this is necessary for purposes of carrying out a certification audit in the Tax Advisor's firm and (ii) the individuals who are acting in this regard, for their part, have been instructed as to their duty of confidentiality. The client hereby agrees that the person carrying out the certification/audit may inspect the client file which was created and is being maintained by the Tax Advisor.

3. Involvement of third parties

The Tax Advisor shall be entitled to involve staff and, subject to the prerequisites of sect. 62a StBerG, also external service providers (in particular data-processing companies) for purposes of carrying out the engagement. The bringing-in of third-party experts (e.g. other Tax Advisors, auditors, German qualified attorneys *[Rechtsanwälte]*) shall require consent and instruction on the part of the client. Without having been instructed by the client, the Tax Advisor shall be neither entitled nor obliged to bring in such third parties.

3a. Electronic communication, data protection[1)]

(1) In the context of the engagements, the Tax Advisor shall be entitled to electronically collect personal data of the client and to process such data in an automated file or to transmit such data to a service computer center for further processing of the data related to the engagement.

(2) In order to satisfy his/her obligations under the EU General Data Protection Regulation (hereinafter **"GDPR"**) and the German Federal Data Protection Act *(Bundesdatenschutzgesetz – BDSG)*, the Tax Advisor shall be entitled to appoint a data-protection officer. Unless this data-protection officer is already subject to a duty of confidentiality under clause 2(1) sent. 3 above, the Tax Advisor shall ensure that the data-protection officer, upon taking up his/her activity, shall undertake to maintain data secrecy.

(3) To the extent that the client wants to communicate with the Tax Advisor via a fax line or an e-mail address, the client must share in the costs for setting up and maintaining the use of signature procedures and encryption procedures of the Tax Advisor (e.g. for acquiring and setting up any necessary software and/or hardware).

4. Remedying of deficiencies

(1) The client shall have a right to demand that any deficiencies be remedied. The Tax Advisor must be afforded an opportunity to take remedial action. If and to the extent that the engagement constitutes a contract for services *(Dienstvertrag)* within the meaning of sects. 611, 675 German Civil Code *(Bürgerliches Gesetzbuch – BGB)* (hereinafter **"BGB"**), the client may refuse any remedial action by the Tax Advisor if the engagement is terminated by the client and the deficiency is detected only after the engagement has been validly terminated.

(2) Should the Tax Advisor fail to remedy the asserted deficiencies within a reasonable period or refuse to remedy the deficiencies, then the client may, at the Tax Advisor's expense, have the deficiencies remedied by another Tax Advisor and/or — at the client's choice — demand a reduction of the fees or rescission of the contract.

(3) The Tax Advisor may at any time, also vis-à-vis third parties, correct obvious inaccuracies (e.g. clerical errors, or errors in calculation). Other deficiencies may be corrected by the Tax Advisor vis-à-vis third parties subject to the client's consent. Such consent shall not be required where the Tax Advisor's legitimate interests take precedence over the client's interests.

5. Liability

(1) The liability of the Tax Advisor and his/her 'persons employed in performing a contractual obligation for whom the Tax Advisor is vicariously liable' *[Erfüllungsgehilfen]* [hereinafter the 'Vicarious Agents'] for any loss/damage resulting from one breach of duty or — in the context of a uniform injurious effect *(einheitliche Schadensfolge)* — from several breaches of duty on the occasion of executing an engagement shall be capped at EUR ---1,000,000.00----[2)] (in words: --one million-- euros). The limitation of liability shall apply in relation to negligence only; liability for intent shall not be subject to such limitation. Liability claims in relation to any loss/damage arising from injuries to life, body or health shall be excluded from this limitation of liability. The limitation of liability shall apply to the Tax Advisor's entire activity for the client, i.e. also, in particular, to an extension to the scope of the engagement; in this regard, there shall be no need for agreeing the limitation of liability again. The limitation of liability shall also apply in the case of the establishment of a joint practice *(Sozietät)* / partnership company *(Partnerschaft)* and assumption of the engagement by the joint practice / partnership company as well as for partners

1) Moreover, for purposes of the processing of personal data, a legal basis under art. 6 EU General Data Protection Regulation ("GDPR") must be applicable. That norm merely lists the legal bases for a lawful processing of personal data. In addition, the Tax Advisor must fulfill the duty to provide certain information, under sects. 13 or 14 GDPR, by way of furnishing additional information. In this regard please note the comments and explanations contained in the instruction leaflet regarding forms no. 1005 "data-protection information for clients" and no. 1006 "data-protection information regarding the processing of staff data".

2) Please insert amount as appropriate. In order to be able to take advantage of this provision, an amount of at least EUR 1 million must be specified, and the contractual amount insured must be at least EUR 1 million for the individual damage event; otherwise clause 5 needs to be deleted. In that case it must be seen to it that the liability-related agreement to be reached in the form of an individual contract contain a provision that corresponds to clause 5(2). Please also refer to the further comments contained in instruction leaflet no. 1001.

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who join the joint practice / partnership company. Furthermore, the limitation of liability shall also apply vis-à-vis third parties to the extent that these fall within the scope of protection of the engagement; in this regard, sect. 334 BGB is expressly not waived. Any agreements, contained in individual contracts, providing for a limitation of liability shall take precedence over this provision but — unless otherwise expressly stipulated — shall not affect the validity of this provision.

(2) Provided there was a sufficiently high insurance cover in place, the limitation of liability shall apply retroactively from the beginning of the engagement or, as the case may be, from the point of taking out higher insurance cover. If the scope of the engagement is subsequently modified or expanded, then the limitation of liability shall also extend to these cases.

6. Duties on the part of the client; client's failure to cooperate and client's default of acceptance

(1) The client shall be obliged to cooperate to the extent that this is necessary in order for the engagement to be duly executed. In particular, he/she shall submit to the Tax Advisor, unprompted, a complete set of all documents necessary in order to execute the engagement; such submission shall occur in such a timely manner as to afford the Tax Advisor a reasonable processing time. The same shall apply with regard to briefings about all events and circumstances which may be of importance for purposes of executing the engagement. The client shall be obliged to take note of all written and oral communications issued by the Tax Advisor and to consult him/her when in doubt.

(2) The client shall refrain from anything that may prejudice the independence of the Tax Advisor or the Tax Advisor's Vicarious Agents.

(3) The client hereby undertakes to pass on the results of the Tax Advisor's work only with the Tax Advisor's consent unless the consent to such results being passed on to a specific third party already flows from the content of the engagement.

(4) Should the Tax Advisor employ data-processing programs at the client's premises, then the client shall be obliged to comply with the instructions by the Tax Advisor with regard to installation and application of such programs. In addition, the client shall be obliged to only use the programs within the scope prescribed by the Tax Advisor, which shall also be the scope of use to which the client is entitled. The client must not disseminate the programs. The Tax Advisor shall remain the owner of the rights of use. The client shall refrain from anything which constitutes an obstacle to the exercise by the Tax Advisor of the rights of use with regard to the programs.

(5) Should the client fail to comply with a duty to cooperate incumbent on him/her under clause 6(1)–(4) or as provided for elsewhere or be in default of acceptance in relation to the services tendered by the Tax Advisor, then the Tax Advisor shall have the right to terminate the contract without notice (cf. clause 9(3)). This shall not affect the Tax Advisor's claim to be compensated for the additional expenses incurred by him/her owing to the client's default or failure to cooperate as well as for any loss/damage caused, even in the event that the Tax Advisor opts not to exercise his/her right of termination.

7. Copyright protection

The services rendered by the Tax Advisor constitute his/her intellectual property. They are protected by copyright. Beyond their intended use, work results may be passed on only upon prior written consent by the Tax Advisor.

8. Fees, advance payment and offsetting

(1) The Tax Advisor's fees (professional fees and reimbursement of out-of-pocket expenses) for his/her professional activity in accordance with sect. 33 StBerG shall be determined pursuant to the German Regulation on Tax Advisors' Fees *(Steuerberatervergütungsverordnung – StBVV)* (hereinafter **"StBVV"**). Fees above or below the statutory fees may be agreed in text form. Agreeing fees below the statutory fees is permissible in out-of-court matters only. Such lower fees must bear an adequate relation to the services, responsibility and liability risk of the Tax Advisor (sect. 4(3) StBVV).

(2) For activities not dealt with in the Regulation on Fees (e.g. sect. 57(3) nos. 2 and 3 StBerG), the applicable fees shall be those agreed; otherwise, the fees determined by statute for such activity; or else the customary fees (sects. 612(2) and 632(2) BGB).

(3) Only claims that are undisputed or have been determined with final and absolute effect *(rechtskräftig)* may be set off against a fee claim of the Tax Advisor.

(4) The Tax Advisor shall be entitled to request an advance payment for professional fees and out-of-pocket expenses already incurred or expected to be incurred. In the event that the requested advance payment is not made, the Tax Advisor may, upon prior notice, cease working for the client until the advance payment is received. Where a cessation of work may adversely affect the client, the Tax Advisor shall be obliged to notify the client, in a timely manner, of the Tax Advisor's intention to cease working.

9. Termination of the contract

(1) The contract shall terminate upon completion of the services, upon expiry of the agreed term, or by giving notice. The contract shall not terminate upon the client's death or upon the client becoming legally incapacitated or, in the case of a company, upon the company's dissolution.

(2) If and to the extent that the contract constitutes a contract for services within the meaning of sects. 611, 675 BGB, either party may terminate the contract for cause *(außerordentlich)* except in the case of a service relationship with fixed earnings *(Dienstverhältnis mit festen Bezügen)*, sect. 627(1) BGB; notice must be given in text form. Any deviation from the foregoing in individual cases shall require an agreement to be negotiated between the Tax Advisor and the client.

(3) In order to prevent legal disadvantages for the client, upon termination of the contract by the Tax Advisor the Tax Advisor must, in any event, still take those actions which may reasonably be expected of him/her and which ought not to be postponed (e.g. application for the extension of a deadline which is about to expire).

(4) The Tax Advisor shall be obliged to hand over to the client anything the Tax Advisor receives or has received for purposes of executing the engagement and anything the Tax Advisor obtains in the context of the management of the affairs of another *(Geschäftsbesorgung)*. In addition, the Tax Advisor shall be obliged, upon request, to provide the client with a progress report and to render account for the Tax Advisor's activities.

(5) Upon termination of the contract, the client must promptly hand over to the Tax Advisor the data-processing programs employed at the client's office for purposes of executing the engagement, including any copies created, as well as any other program documents, and/or delete them from the hard drive.

(6) Upon termination of the engagement, the documents must be collected from the Tax Advisor.

(7) In the event that the engagement terminates before it has been completed, the Tax Advisor's fee claim shall be governed by statute. Any deviation from the foregoing in individual cases shall require a separate agreement in text form.

10. Storage, delivery and right of retention with regard to work results and documents

(1) The Tax Advisor must store the client files for a period of ten years after the engagement has terminated. However, this obligation shall expire before the above period has elapsed if the Tax Advisor has asked the client to take receipt of the client files and the client has failed to comply with such request within six months of having received it.

(2) 'Client files' within the meaning of para. 1 shall only include such documents as have been obtained by the Tax Advisor, on the occasion of his/her professional activity, from or for the client; by contrast, they shall not include the correspondence between the Tax Advisor and his/her client and the documents which the client has already received in the original or as a copy as well as the working papers produced for internal purposes (sect. 66(3) StBerG).

(3) At the request of the client, but no later than after termination of the engagement, the Tax Advisor shall hand over the client files to the client within a reasonable period. The Tax Advisor may create and retain copies or photocopies of documents which he/she returns to the client.

(4) The Tax Advisor may refuse to hand over the client files until his/her fees and out-of-pocket expenses have been settled. This shall not apply to the extent that withholding the client files and the individual documents would be unreasonable under the circumstances (sect. 66(2) sent. 2 StBerG).

11. Miscellaneous

The engagement, its execution and the claims resulting therefrom shall be exclusively governed by German law. The place of performance shall be the client's place of residence unless he/she is a merchant *(Kaufmann)*, legal person under public law, or special fund *(Sondervermögen)* under public law; otherwise, the place of performance shall be the professional establishment of the Tax Advisor. The Tax Advisor is — not — prepared to participate in dispute-resolution proceedings before a consumer conciliation body (sects. 36, 37 German Act on Alternative Dispute Resolution in Consumer Matters *[Gesetz über die alternative Streitbeilegung in Verbrauchersachen – VSBG]*).[3)]

12. Validity in the event of partial nullity

Should individual provisions of these terms and conditions of engagement be or become invalid, then this shall not affect the validity of the remaining provisions.

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3) Where it is desired for dispute-resolution proceedings to be carried out before the consumer conciliation body, delete the word 'not'. In this case, the relevant consumer conciliation body, along with its physical address and website, needs to be specified.