BALANCE SHEET as at March 31, 2020

(Amt in USD)

	Note No.	As At March 31, 2020	As At March 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	3	266,723	279,440
Other intangible assets		33,053	
Capital work-in-progress		-	74,983
Goodwill		4,276,302	-
		4,576,078	**354,423**
Financial assets			
Investments	4.1	16,961,843	21,320,452
Other financial assets	4.2	23,519	23,519
Deferred tax assets (net)	5	603,810	489,868
Total non-current assets		**17,589,172**	**21,833,839**
CURRENT ASSETS			
Financial assets			
Investments	6.1	4,029	4,029
Trade receivables	6.2	11,213,764	9,343,581
Cash and cash equivalents	6.3	732,815	1,582,421
Loans	6.4	4,050,000	4,387,112
Other financial assets	6.5	3,428,665	4,911,333
Other current assets	7	573,315	391,450
Total current assets		**20,002,588**	**20,619,926**
Total assets		**42,167,838**	**42,808,188**
EQUITY AND LIABILITIES			
EQUITY			
Equity Share capital	8	300,000	300,000
Other equity	9	9,084,772	5,482,673
Total Equity		**9,384,772**	**5,782,673**
LIABILITIES			
NON-CURRENT LIABILITIES			
Financial liabilities			
Other non-current liabilities	10	3,335,133	3,226,057
Total non-current liabilities		**3,335,133**	**3,226,057**
CURRENT LIABILITIES			
Financial liabilities			
Trade payables		16,031,924	28,895,485
Other Financial liabilities	11	11,000,000	2,150,006
Other current liabilities	12	904,163	1,564,606
Provisions	13	548,821	542,867
Current tax liabilities	14	963,025	646,494
Total current liabilities		**29,447,933**	**33,799,458**
Total equity and liabilities		**42,167,838**	**42,808,188**

STATEMENT OF PROFIT & LOSS for the year ended March 31, 2020

(Amt in USD)

	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
REVENUE			
Revenue from operations	15.1	79,064,172	74,291,197
Other income	15.2	2,270,104	1,783,874
Total revenue		**81,334,276**	**76,075,071**
EXPENSES			
Employee benefit expenses	16	12,654,345	14,630,323
Finance costs	17	84,994	234,999
Depreciation and amortization expense	3	155,141	127,994
Other expenses	18	60,195,646	58,984,136
		73,090,126	**73,977,453**
Profit before tax		**8,244,149**	**2,097,618**
Current tax expense		2,220,727	772,700
Deferred tax		11,573	(109,743)
Net tax expense		**2,232,300**	**662,957**
Profit for the year		**6,011,849**	**1,434,661**
Earnings per share - Basic and Diluted (on $ 1 per share)		20.04	4.78

See accompanying notes forming part of the financials statements

CASH FLOW STATEMENT for the year ended March 31, 2020

(Amt in USD)

	Note No.	Year ended March 31, 2020	Year ended March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		8,244,149	2,097,618
Adjustments for :			
Depreciation and amortization expense		155,141	127,994
Interest expense		84,994	234,999
Allowance for bad & doubtful trade receivables		281,114	-
Provision no longer required (net)		(38,819)	(1,577,630)
Interest income		(230,905)	(199,033)
Dividend income		(2,000,000)	-
Unrealized foreign exchange (gain) / loss		20,447	6,722
Operating Profit before working capital changes		**6,516,122**	**690,670**
Adjustments for :			
Decrease/(increase) in trade receivables		(2,171,745)	(3,050,209)
Decrease/(increase) in other current assets		(181,865)	543,768
Decrease/(increase) in other financial assets		1,482,668	118,888
Decrease/(increase) in short-term loans and advances		337,112	(1,387,574)
(Decrease)/increase in trade payables		(12,863,561)	8,569,280
(Decrease)/increase in other current liabilities		(660,443)	1,178,699
(Decrease)/increase in other financial liabilities		-	(716,664)
(Decrease)/increase in non-current liabilities		**109,076**	**2,326,057**
(Decrease)/increase in short-term provisions		361,306	1,085,044
Cash generated from operations		**(7,071,330)**	**9,357,959**
Direct taxes/advance tax paid (net)		**(2,346,242)**	**(772,700)**
Net cash from operating activities	**A**	(9,417,572)	8,585,259
Net cash from operating activities after exceptional items		(9,417,572)	8,585,259
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of fixed assets, including intangible assets, CWIP and		(175,477)	(103,795)
Purchase Goodwill Haloysis & Rezopia		(1,977,445)	-
capital advances		74,983	(74,983)
Investments in subsidiary		-	(7,842,897)
Investments in SemiCab		(350,000)	-
Interest received		230,905	199,033
Dividend received		2,000,000	-
Net cash flow from investing activities	**B**	**(197,034)**	**(7,822,642)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long-term borrowings (net)		8,849,994	(2,150,000)
Interest paid		(84,994)	(234,999)
Net cash from financing activities	**C**	**8,765,000**	**(2,384,999)**
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	**(849,606)**	**(1,622,382)**
Opening cash and cash equivalents		**1,582,421**	**3,204,803**
Closing cash and cash equivalents		**732,815**	**1,582,421**
Cash and cash equivalents at the end of the year Comprises :			
Balances with banks			
In Current accounts		**732,815**	**1,582,421**
In Deposit accounts			
		732,815	**1,582,421**

Notes forming part of financial statements

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.

Rezopia Inc. and Halosys Technologies Inc. merged with Sonata Software North America (SSNA) w.e.f June 14, 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.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor.

Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. Refer Note 39 for further details

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 Company's major tax jurisdictions is USA. 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) Impairment testing: Investments in subsidiaries, goodwill and intangible assets are tested for impairment annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

iii) 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.

iv) 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.

v) 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.

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. Leases

The Company’s lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than USD 5,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

f. 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.

g. Employee Benefits

Employee benefits include washington taxes, 401K payable, Newyork disability payable and Gross receipt tax.

Short-term employee benefits -need to be updated

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. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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").

o. 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.

p. 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.

q. 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.

r. 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.

Notes forming part of financial statements

3 : Property, Plant and Equipment

USD

Particulars	Tangible Assets Office Equipments	Leasehold Improvements	Furniture and Fixtures	Plant and Equipments	" Total Tangible Assets "
Deemed cost					
As at April 1, 2019	**44,770**	**-**	**108,343**	**400,062**	**553,175**
Additions	5,665	-	-	98,130	103,795
Disposals/Write off	-	-	-	-	-
As at March 31, 2019	**50,435**	**-**	**108,343**	**498,192**	**656,970**
As at April 1, 2019	**50,435**	**-**	**108,343**	**498,192**	**656,970**
Additions		74,983	6,800	27,327	109,110
Disposals/Write off	-	-	-	-	-
As at March 31, 2020	**50,435**	**74,983**	**115,143**	**525,520**	**766,081**
Depreciation/ Amortization					
As at April 1, 2018	27,495	-	43,821	178,220	249,536
Charge for the Year	13,397	-	20,502	94,095	127,994
As at March 31, 2019	**40,892**	**-**	**64,323**	**272,315**	**377,530**
As at April 1, 2019	**40,892**	**-**	**64,323**	**272,315**	**377,530**
Charge for the Year	3,382	3,810	20,566	94,070	121,828
As at March 31, 2020	**44,274**	**3,810**	**84,889**	**366,385**	**499,358**
Net Block					
As at March 31, 2019	**9,543**	**-**	**44,020**	**225,877**	**279,440**
As at March 31, 2020	**6,160**	**71,173**	**30,254**	**159,135**	**266,723**

Intangible assets

USD

Particulars	Intangible Assets Total
Deemed cost	
As at April 1, 2019	**-**
Additions	66,367
Disposals/Write off	-
As at March 31, 2020	**66,367**
Depreciation/ Amortization	
As at April 1, 2019	
Charge for the Year	33,314
Disposals/Write off	
As at March 31, 2020	33,314
Net Block	
As at March 31, 2019	-
As at March 31, 2020	**33,053**
Total Depreciation/Amoritization	**155,141**

4.1 : Investments

USD

	As at March 31, 2020	As at March 31, 2019
860,000 Equity shares of $ 0.0001/- each in Rezopia Inc.	-	1,824,663
(As at 31.03.2019 - 512,296 Equity shares of $ 0.0001/- each (fully paid))		
15,754,000 Equity shares of $ 0.004/- each in Halosys Inc.	-	2,883,946
(As at 31.03.2019 - 15,754,000 Equity shares of $ 0.004/- each (fully paid))		
500,250 Equity shares of $ 1/- each in Interactive Business Information Syatems Inc.	9,068,946	9,068,946
(As at 31.03.2020 - 500,250 Equity shares of $ 1/- each (fully paid))		
Investments-Long term Retail 10X Inc.	800,000	800,000
(Instrument containing a future right to shares of Capital Stock)		
Investment - Sopris Systems	6,742,897	6,742,897
Investment - SemiCab Inc.	350,000	-
(Instrument containing a future right to shares of Capital Stock)		
	16,961,843	**21,320,452**

4.1 : Other financial assets

USD

	As at March 31, 2020	As at March 31, 2019
Tax effects on		
Others	603,810	489,868
Total	**603,810**	**489,868**

5 : Deferred tax assets (net)

USD

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Security deposits	23,519	23,519
Total	**23,519**	23,519

6.1 : Investments

USD

	As at March 31, 2020	As at March 31, 2019
Investments in Stock (quoted)		
138 Common stock received from Principal Financial	4,029	4,029
Group Inc @ $29.20 each		
(March 31, 2020 - 138 Common stock received from Principal Financial Group Inc @ $29.20 each)		
Total	**4,029**	**4,029**
Aggregate cost of unquoted investment	4,029	4,029

6.2 : Trade receivables

USD

	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered good	11,213,764	9,343,581
Considered doubtful	302,081	332,158
	11,515,845	9,675,739
Less : Allowances for credit losses	302,081	332,158
Total	**11,213,764**	**9,343,581**

6.3 : Cash and cash equivalents

USD

	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In Current accounts	631,919	1,482,023
In Deposit accounts	100,896	100,398
Total	**732,815**	**1,582,421**

6.4 : Loans

USD

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Inter-corporate deposits	4,050,000	4,387,112
Total	**4,050,000**	**4,387,112**

6.5 : Other financial assets

USD

	As at March 31, 2020	As at March 31, 2019
Loans and advances to related parties - Advances recoverable	63,086	1,107,096
Loans and advances to employees	40,339	55,367
Unbilled revenue	2,988,413	3,406,916
Interest accrued on Inter-corporate deposits	336,827	341,954
	3,428,665	**4,911,333**

7 : Other current assets

USD

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	53,502	78,250
Other recoverables	519,813	313,200
Total	**573,315**	**391,450**

8 : Equity share capital

USD

	As at March 31, 2020	As at March 31, 2019
Authorized		
Common Stock $1 par value, 3,500,000 shares	3,500,000	3,500,000
(March 31, 2020 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, 2020 $1 par value 300,000 shares each fully paid-up)		
Total	**300,000**	**300,000**

9 : Other equity

USD

	As at March 31, 2020	As at March 31, 2019
Surplus in Statement of Profit and Loss		
Opening balance	3,072,923	4,048,012
Profit for the year	6,011,849	1,434,661
Total	**9,084,772**	**5,482,673**

10 : Other non-current liabilities

USD

	As at March 31, 2020	As at March 31, 2019
Payable for acquisition or business contingent consideration	3,335,133	3,226,057
Total	**3,335,133**	**3,226,057**

11 : Other financial liabilities

USD

	As at March 31, 2020	As at March 31, 2019
Current maturities of long term debt	11,000,000	2,150,006
	11,000,000	**2,150,006**

12 : Other current liabilities

USD

	As at March 31, 2020	As at March 31, 2019
Income received in advance (Unearned revenue)	204,786	756,130
Gratuity	-	-
Other payables	-	-
Statutory remittances	68,197	84,920
Payable on purchase of fixed assets	-	-
Advances from customers	472,943	434,062
Reimbursable Expenses payable to related party	156,011	279,600
Others	1,550	9,894
Total	**904,163**	**1,564,606**

13 : Provisions

USD

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for compensated absences	548,821	542,867
Total	**548,821**	**542,867**

14 : Current tax liabilities

USD

	As at March 31, 2020	As at March 31, 2019
Provision for tax	963,025	646,494
Total	**963,025**	**646,494**

15.1 : Revenue from operations

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from software services	78,915,692	74,127,832
Other operating revenues	148,480	163,365
Total	**79,064,172**	**74,291,197**

15.2 : Other income

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest income	230,905	199,033
Dividend income	2,000,000	-
Provision no longer required written back	38,819	1,577,630
Miscellaneous income	380	7,211
Total	**2,270,104**	**1,783,874**

16 : Employee benefit expenses

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages, bonus and allowances	11,491,878	13,250,361
Contribution to 401K fund	186,434	194,734
Staff welfare expenses	976,033	1,185,228
Total	**12,654,345**	**14,630,323**

17:Finance costs

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense		
Borrowings	69,101	195,641
Others	-	-
Other borrowing costs	15,893	39,358
Total	**84,994**	**234,999**

18 : Other expenses

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Power and fuel	8,096	7,237
Rent	350,917	317,700
Repairs and maintenance - Machinery	1,284	1,483
Insurance	21,293	21,308
Rates and taxes	691,361	652,112
Communication cost	143,345	263,792
Facility maintenance	21,636	20,866
Travelling and conveyance expenses	398,799	648,424
Sales commission	417,633	391,465
Software Project fees	46,236,230	47,211,024
Professional and technical fees	2,665,916	1,463,648
Legal fees	55,689	108,884
Insourcing professional fees	7,750,550	6,858,198
Net loss on foreign currency transaction and translation	20,474	6,722
Provision for doubtful trade receivables	281,114	14,405
Payment to auditors	13,710	22,269
Miscellaneous expenses	1,117,599	974,599
Total	**60,195,646**	**58,984,136**

19: Contingent Liabilities

There is no contingent liabilities as at date of balance sheet.

20: Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for

USD

	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

21 : 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, 2019 (March 31, 2018 : Nil)

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

USD

	As at March 31,2020		As at March 31,2019		
	Receivable / (Payable) (USD)	Receivable/ (Payable) in Foreign currency	Receivable / (Payable) (USD)	Receivable/ (Payable) in Foreign currency	Currency
Trade receivables	-		64,936	57,798	EUR
Trade receivables	-		72,556	96,884	CAD
Trade payables	213,542	299,918	(343,214)	(305,486)	CAD
Trade payables	-	-	(35,995)	(48,064)	EUR

22 : 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.

23 : 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.

USD

	March 31, 2020	March 31, 2019
ii. The total of future minimum lease payments are non-cancellable operating leases are as below :		
Not later than one year	171,115	91,034
Later than one year and not later than 5 years	72,679	
Later than 5 years		
iii. The lease payments recognised in the statement of Profit and Loss are as under :		
Included in rent		317,700
	-	317,700

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

24 : 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)	Halosys Technologies Inc.
	Interactive Business Information Systems Inc.
	Rezopia Inc., USA
	Sopris Systems, LLC
c) Fellow Subsidiaries	Sonata software FZ LLC

ii) Transactions with related parties :

Particulars	Holding Company		Subsidiaries/WOS/Fellow Subsidiaries	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Revenue				
Sopris Systems, LLC			22,402	41,640
Interactive Business Information Systems Inc.			650,779	
Deputation cost / Service charges / Software project fees				
Sonata Software Limited	43,255,305	46,471,454		
Interactive Business Information Systems Inc.			393,765	471,755
Rezopia Inc., USA				269,319
Sonata Information Tech. Ltd - Singapore			1,773	7,821
Sopris Systems, LLC			15,686	
Sonata Software Solutions Ltd			8,702	
Inter Corporate Deposits given				
Halosys Technologies Inc.				-
Sonata Software FZ LLC (Fellow Subsidiaries)			100,000	590,000
Sopris Systems LLC.			1,010,000	1,480,000
Interporate borrowings repaid				
Interactive Business Information Systems Inc.				187,687
Halosys Technologies Inc.				100,000
Sopris Systems LLC.			145,000	585,000
Interest on inter corporate deposits received				
Interactive Business Information Systems Inc.			-	1,080
Halosys Technologies Inc.			18,167	74,242
Rezopia Inc., USA			3,028	18,045
Sonata Software FZ LLC (Fellow Subsidiaries)			112,642	99,921
Sopris Systems LLC.			96,566	5,556
Deputation cost / Service charges Recovered				
Rezopia Inc., USA				192,000
Commission paid on guarantees received				
Sonata Software Limited	14,043	39,358		
Balances outstanding at the end of the year				
Trade payables				
Halosys Technologies Inc.			-	-
Interactive Business Information Systems Inc.			101,712	41,556
Rezopia Inc., USA				412,288
Sonata Information Tech. Ltd - Singapore				
Sopris Systems, LLC			15,686	
Sonata Software Solutions Limited			8,702	
Sonata Software Limited	12,556,937	25,139,613		

Particulars	Holding Company		Subsidiaries/WOS/Fellow Subsidiaries	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Advances receivables				
Sonata Software Limited	57,461	63,767		
Halosys Technologies Inc.				129,610
Rezopia Inc., USA				913,720
Interactive Business Information Systems Inc. (IBIS)				
Sopris Systems LLC.			5,625	
Interest accrued on Intercorporate deposits				
Interest accrued on Intercorporate deposits				-
Halosys Technologies Inc.				179,172
Rezopia Inc., USA				35,163
Sonata Software FZ LLC (Sister concern)			112,642	122,063
Sopris Systems LLC.			96,566	5,556
Trade Receivables				
Sopris Systems LLC.			108,322	85,920
Interactive Business Information Systems Inc. (IBIS)			155,320	
Sopris Systems LLC.				
Inter corporate deposit given				
Interactive Business Information Systems Inc.				-
Halosys Technologies Inc.				1,202,112
Rezopia Inc., USA				300,000
Sonata Software FZ LLC (Sister concern)			2,090,000	1,990,000
Sopris Systems LLC.			1,960,000	895,000
Advances payables (AP Reimb)				
Sonata Software Limited	60,560	6,961		
Rezopia Inc., USA				272,639
Halosys Technologies Inc.				-
Investments made during the year				
Sopris Systems LLC.				6,742,897
Rezopia Inc., USA				300,000
Semicab Inc			350,000	
Guarantees received				
Sonata Software Limited	11,000,000	3,583,338		

25 : Earnings Per Share

USD

Particulars	March 31, 2020	March 31, 2019
Profit attributable to equity shareholders ($)	6,011,849	1,434,661
Weighted average number of Equity Shares of $1/- each	300,000	300,000
Earnings Per Share - Basic and Diluted ($)	20.04	4.78

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

COMPANY INFORMATION

Directors	Mr T Saha Ms M Kulkarni
Registered number	05945409
Registered office	11th Floor (West) The Mille 1000 Great West Road Brentford TW8 9HH
Independent auditors	Lubbock Fine 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

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their strategic report on the Company for the year ended 31 March 2020.

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 2020 of £2,330,204 (2019: £2,520,924).

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.	Coronavirus Pandemic has impacted the whole world, regardless of the size of economy or its diversity. The Company has a diversified geographical presence and has always maintained healthy and long-standing relationships with its clients in partnering with them as their IT solutions provider and adding value to their businesses. However, 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.
Concentration Risk	The regional concentration as well as vertical concentration can adversely impact the Company's business in the case of a slowdown.	The Company continues to further diversify its business in terms of regional and vertical exposure on an ongoing basis.
Comompetition Risk	The Company operates in a competitive business environment. A loss of client can impact the regular cash flows.	The company seeks to differentiate itself from its competitors with the strong differentiated strategy like -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 viz. UK and Europe. Any change 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 increased to

£13,859,951 from £12,620,274, and its profit before tax, which has decreased to £2,330,204 from £2,520,924 mainly due to an increase in the staff costs for the new hires made to augment the business.

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

Mr T Saha	**Ms M Kulkarni**
Director	Director

Date:

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2020

The directors present their report and the financial statements for the year ended 31 March 2020.

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 £2,330,204 (2019 - £2,520,924). The directors have not proposed a dividend for the year ended 31 March 2020.

Directors

The directors who served during the year were: Mr T Saha

Ms M Kulkarni (appointed 6 March 2020)

Mr S Ramarao (resigned 6 March 2020)

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 there to be two events that have occurred since the balance sheet date that require disclosure in these financial statements:

i) The potential effects of ongoing Coronavirus pandemic

ii) The acquisition of 100% of the issued share capital of Gapbuster Limited

Further detail of these post balance sheet events is included within note 21 of these financial statements.

Auditors

Under section 487(2) of the Companies Act 2006, Lubbock Fine 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 on and signed on its behalf.

Mr T Saha	**Ms M Kulkarni**
Director	Director

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 2020, 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 2020 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. 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.

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 in 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 there is a material misstatement in the financial statements or a material misstatement of the other information. 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 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.

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 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 for our audit work, for this report, or for the opinions we have formed.

Simon de Souza (Senior Statutory Auditor)
for and on behalf of

Lubbock Fine
Chartered Accountants & Statutory Auditors
Paternoster House
65 St Paul's Churchyard
London
EC4M 8AB

Date:

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Turnover	13,859,951	12,620,274
Cost of sales	(8,990,025)	(8,235,515)
Gross profit	**4,869,926**	**4,384,759**
Administrative expenses	(2,021,057)	(1,235,516)
Operating profit	**2,848,869**	**3,149,243**
Profit on disposal of investments	16,717	-
Profit before tax	**2,865,586**	**3,149,243**
Tax on profit	(535,382)	(628,319)
Profit for the financial year	2,330,204	2,520,924

There was no other comprehensive income for 2020 (2019:£NIL).

BALANCE SHEET as at March 31, 2020

	Note		2020 £		2019 £
Fixed assets					
Tangible assets	10		27,386		49,562
Investments	11		-		70,109
			27,386		**119,671**
Current assets					
Debtors: amounts falling due after more than one year	12	-		39,780	
Debtors: amounts falling due within one year	12	9,566,236		9,480,228	
Cash at bank and in hand	13	4,862,490		3,671,335	
		14,428,726		**13,191,343**	
Creditors: amounts falling due within one year	14	(3,417,185)		(4,602,291)	
Net current assets			**11,011,541**		**8,589,052**
Net assets			**11,038,927**		**8,708,723**
Capital and reserves					
Called up share capital	15		2,460,360		2,460,360
Other reserves	16		3,235,440		3,235,440
Profit and loss account	16		5,343,127		3,012,923
			11,038,927		**8,708,723**

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

Mr T Saha

Director

Ms M Kulkarni

Director

Date:

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 200

	Called up share capital £	Other reserves £	Profit and loss account £	Total equity £
At 1 April 2018	**2,460,360**	**3,235,440**	**491,999**	**6,187,799**
Profit for the year	-	-	2,520,924	2,520,924
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 31 March 2020	**2,460,360**	**3,235,440**	**5,343,127**	**11,038,927**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	2,330,204	2,520,924
Adjustments for:		
Depreciation of tangible assets	22,176	22,115
Profit on disposal of fixed asset investment	(16,717)	-
Share based payment charge	(18,043)	45,169
Interest received	(25,517)	-
Taxation charge	535,382	628,319
(Increase) in debtors	(46,228)	(3,264,879)
(Decrease)/increase in creditors	(836,252)	2,364,321
Corporation tax (paid)	(866,193)	(3,637)
Foreign exchange	(5,746)	2,012
Net cash generated from operating activities	**1,073,066**	**2,314,344**
Cash flows from investing activities		
Sale of fixed asset investments	92,572	-
Interest received	25,517	-
Net cash from investing activities	**118,089**	**-**
Cash and cash equivalents at beginning of year	**3,671,335**	**1,356,991**
Cash and cash equivalents at the end of year	4,862,490	3,671,335
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	**4,862,490**	**3,671,335**

Notes forming part of 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 2020 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.

2.4 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.

2.5 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 the statement of comprehensive income.

2.6 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.

2.7 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.

2.8 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.

2.9 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 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.

2.10 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.

2.11 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 the statement of comprehensive income 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 the statement of comprehensive income within 'other operating income'.

2.12 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income 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 statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the statement of comprehensive income is charged with fair value of goods and services received.

2.13 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the statement of comprehensive income 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.

2.14 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 the statement of comprehensive income 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.

2.15 Taxation

Tax is recognised in the statement of comprehensive income, 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.

Notes forming part of financial statements

4. Turnover

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

	2020 £	2019 £
Provision of services	13,834,434	12,617,276
Other income	25,517	2,998
	13,859,951	**12,620,274**
Analysis of turnover by country of destination:		
United Kingdom	2,918,789	3,034,618
Rest of Europe	8,907,031	7,519,817
Rest of the world	2,034,131	2,065,839
	13,859,951	**12,620,274**

5. Operating profit

The operating profit is stated after charging:

	2020 £	2019 £
Depreciation	22,176	22,115
Exchange differences	(103,611)	109,276
Other operating lease rentals	**32,126**	**34,113**

6. Auditors' remuneration

The operating profit is stated after charging:

	2020 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	12,600	12,600

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

7. Employees

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

	2020 £	2019 £
Wages and salaries	1,410,163	598,341
Social security costs	158,685	87,112
Cost of defined contribution scheme	14,933	-
	1,583,781	**685,453**

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

	2020 £	2019 £
Employees	8	5

8. Directors' remuneration

	2020 £	2019 £
Directors' emoluments	308,969	224,969
The highest paid director received remuneration of £308,969 (2019 - £224,969).		

9. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	551,417	628,319
Adjustments in respect of previous periods	(16,035)	-
Taxation on profit on ordinary activities	**535,382**	**628,319**

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 - higher than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2020 £	2019 £
Profit on ordinary activities before tax	2,865,586	3,149,243
Profit on ordinary activities multiplied by standard rate of corporation tax in		
the UK of 19% (2019 - 19%)	544,461	598,356
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation		
and impairment	41,763	13,928
Adjustments to tax charge in respect of prior periods	-	
Short term timing difference leading to an increase (decrease) in taxation	16,035	
Changes in provisions leading to an increase (decrease) in the tax charge	357	
Total tax charge for the year	**535,382**	**628,319**

10. Tangible fixed assets

	Shortterm leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
Cost				
At 1 April 2019	93,005	24,595	1,174	118,774
At 31 March 2020	**93,005**	**24,595**	**1,174**	**118,774**
Depreciation				
At 1 April 2019	57,224	10,814	1,174	69,212
Charge for the year on owned assets	18,652	3,524	-	22,176
At 31 March 2020	**75,876**	**14,338**	**1,174**	**91,388**
Net book value				
At 31 March 2020	**17,129**	**10,257**	**-**	**27,386**
At 31 March 2019	**35,781**	**13,781**	**-**	**49,562**

11. Fixed asset investments

	Unlisted investments £
At 1 April 2019	70,109
Disposals	(70,109)
At 31 March 2020	**-**

6. Debtors

	2020 £	2019 £
Due after more than one year		
Other debtors	-	39,780
	-	-

	2020 £	2019 £
Due within one year		
Trade debtors	4,201,691	3,909,839
Amounts owed by group undertakings	4,714,121	4,562,342
Other debtors	205,650	79,534
Prepayments and accrued income	444,774	928,513
	9,566,236	**9,480,228**

13. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	4,862,490	3,671,335

14. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	49,088	29,248
Amounts owed to group undertakings	2,288,816	2,521,045
Corporation tax	297,508	628,319
Other taxation and social security	219,405	459,819
Other creditors	5,286	-
Accruals and deferred income	557,082	963,860
	3,417,185	**4,602,291**

15. Share capital

	2020 £	2019 £
Allotted, called up and fully paid		
800 (2019 - 800) Ordinary shares of £1.00 each	800	800
2,459,560 (2019 - 2,459,560) 2% redeemable convertible preference shares of £1.00 each	2,459,560	2,459,560
	2,460,360	**2,460,360**

16. 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.

17. Share based payments

A director of the Company has been granted 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.

18. Pension commitments

The Company maintains a defined contribution scheme for employees. The charge for the year was

£14,933 (2019: £nil). At the balance sheet date an amount of £2,711 (2019: £nil) was outstanding in relation to unpaid pension contributions.

19. Commitments under operating leases

At 31 March 2020 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	24,863	33,150
Later than 1 year and not later than 5 years	-	24,863
	24,863	**58,013**

20. Post balance sheet events

i) 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

ii) Following the execution of a sale and purchase agreement on 4 March 2020, Sonata Europe Limited subsequently acquired 100% of the issued share capital in Gapbuster Limited for net cash consideration of $4.3m on 20 April 2020. An additional $0.5m of deferred cash consideration is payable 1 year following the transaction close. This deferred consideration is not contingent on any future requirements.

21. Controlling party

The ultimate parent company is Sonata Software Limited, a company incorporated in India and listed on the Bombay 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.

DETAILED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2020

	2020 £	2019 £
Turnover	13,859,951	12,620,274
Cost Of Sales	(8,990,025)	(8,235,516)
Gross profit	**4,869,926**	**4,384,758**
Less: overheads		
Administration expenses	(1,988,931)	(1,201,402)
Establishment expenses	(32,126)	(34,113)
Operating profit	**2,848,869**	**3,149,243**
Investment income	16,717	-
Tax on profit on ordinary activities	(535,382)	(628,319)
Profit for the year	**2,330,204**	**2,520,924**

	2020 £	2019 £
Turnover		
Sales - Domestic	2,893,272	3,031,620
Sales - Rest of Europe	8,907,031	7,519,817
Sales - Rest of world	2,034,131	2,065,839
Other income	25,517	2,998
	13,859,951	**12,620,274**

	2020 £	2019 £
Cost of sales		
Software fees	8,855,600	8,235,516
Commissions payable	67,227	-
Licences	**67,198**	**-**
	8,990,025	**8,235,516**

	2020 £	2019 £
Administration expenses		
Directors national insurance	36,253	36,393
Directors salaries	308,969	224,969
Staff salaries	1,101,194	373,372
Staff national insurance	122,432	50,718
Staff pension costs	14,933	-
Staff welfare	32,695	17,928
Entertainment	4,642	1,446
Hotels, travel and subsistence	104,075	68,724
Telephone and fax	3,154	3,351
Advertising and promotion	7,574	1,474
Trade subscriptions	6,091	5,930
Legal and professional	251,540	23,394
Auditors' remuneration	12,500	12,600
Accountancy fees	10,271	5,777
Equipment hire	-	8,147
Bank charges	8,849	5,241
Bad debts	22,601	71,924
Difference on foreign exchange	(103,611)	109,276
Sundry expenses	351	61,948
Rates	26,614	36,534
Insurances	2,791	804
Repairs and maintenance	10,014	14,168
Depreciation - other fixed assets	18,651	18,600
Depreciation - fixtures and fittings	3,525	3,515
Share option charge	(18,043)	45,169
Conference and seminar costs	866	-
	1,988,931	**1,201,402**

	2020 £	2019 £
Establishment		
Rent - operating leases	32,126	34,113
	34,113	**32,558**

	2020 £	2019 £
Investment income		
Profit on disposal of unlisted investments	16,717	-

Certification of independent auditors

We have reviewed the accompanying balance sheet of Sonata Software GmbH as of March 31, 2020 and the related profit and loss account for the period April 1, 2019 to March 31, 2020. 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, 2020 and the results of its operations for the aforesaid period, in conformitywith accounting principles generally accepted in Germany.

Sonata Software GmbH is a wholly owned subsidiary of Sonata Software Limited.

Cologne, 6 April 2020 I

SRP GmbH
Steuerberatungsgesellschaft

BALANCE SHEET as at March 31, 2020

	EUR	Financial year EUR	Previous year EUR
ASSETS			
A. Current assets			
I. Receivables and other assets			
1. Trade receivables	194.192,86		91.216,91
2. Other assets	52.073,60		28.614,01
		246.266,46	**119.830,92**
II. Cash-in-hand, central			
bank balances, bank			
balances and cheques		86.951,79	404.705,12
Carry forward		**333.218,25**	**524.536,04**
		333.218,25	**524.536,04**
EQUITY AND LIABILITIES			
A. Equity			
I. Subscribed capital		25.000,00	25.000,00
II. Capital reserves		**25.000,00**	**25.000,00**
III. Retained profits brought forward		373.798,26	295.676,41
IV. Net loss for the financial year		208.889,37-	78.121,85
B. Provisions			
1. Provisions for taxes	0,00		11.012,00
2. Other provisions	83.231,00		59.726,00
		83.231,00	**70.738,00**
C. Liabilities			
1. Trade payables	7.203,73		8.692,18
- of which due within one year EUR 7.203,73 (EUR 8.692,18)			
2. Liabilities to other long-term			
investees and investors	12.350,00		1.000,00
- of which due within one year EUR 12.350,00 (EUR 1.000,00)			
3. Other liabilities	15.524,63		20.307,60
- of which taxes EUR 10.849,32		**35.078,36**	**29.999,78**
Carry forward		**333.218,25**	**524.536,04**
- of which social security EUR 4.675,31 (EUR 0,00)			
- of which due within one year EUR 15.524,63 (EUR 20.307,60)			
		333.218,25	**524.536,04**

INCOME STATEMENT from 01.04.2019 to 31.03.2020

		EUR	Financial year EUR	Previous year EUR
1.	Sales		656.247,34	921.088,30
2.	Gross revenue for the period		656.247,34	921.088,30
3.	Other operating income			
	a) Income from reversal of provisions	1.940,00		0,00
	b) Miscellaneous other operating income	281,99		176,08
			2.221,99	**176,08**
4.	Personnel expenses			
a)	Wages and salaries	613.444,55		657.839,33
b)	Social security, post-employment and other employee benefit costs	129.396,17		131.136,55
			742.840,72	**788.975,88**
5.	Other operating expenses			
	a) Occupancy costs	3.300,00		3.300,00
	b) Insurance premiums, fees and contributions	1.711,14		582,83
	c) Advertising and travel expenses	17.943,92		3.969,84
	d) Miscellaneous operating costs	65.788,47		70.432,06
	e) Miscellaneous other operating expenses	58,20		1.994,05
			88.801,73	80.278,78
6.	Other interest and similar income		0,00	124,00
7.	Taxes on income		35.716,25	25.988,13
8.	**Net income/net loss after tax**		**208.889,37-**	**78.121,85**
9.	**Net loss for the financial year**		**208.889,37**	**78.121,85**

Frankfurt am Main, 6 April 2020

Ramarao Sathyanarayana
Managing Director

BALANCE SHEET ACCOUNTS as at 31.03.2020

ASSETS

Description	EUR	Financial year EUR	Previous year EUR
Trade receivables			
Trade receivablesl		194.192,86	91.216,91
Other assets			
Receivables from employees (payroll)	2.985,29		12.280,82
Security deposits	1.060,00		1.060,00
Accounts receivable from VAT adv. paym.	402,06		0,00
Input tax ded. following period/year	0,48		382,56
Receivables from trade tax overpaymts	19.836,00		5.538,00
Reclaimed corporate income tax	22.043,03		7.157,00
Trade payables	5.746,74		149,59
Social security liabilities	0,00		2.046,04
		52.073,60	**28.614,01**
Cash-in-hand, central bank balances, bank balances and cheques			
HypoVereinsbank # 364 624 700		86.951,79	404.705,12
Total assets		**333.218,25**	**524.536,04**

EQUITY AND LIABILITIES

Account Description	EUR	Financial year EUR	Previous year EUR
Subscribed capital			
Subscribed capital		25.000,00	25.000,00
Capital reserves			
Capital reserves		25.000,00	25.000,00
Retained profits brought forward			
Retained profits bef apprprtn net profit		373.798,26	295.676,41
Net loss for the financial year			
Net loss for the financial year		208.889,37-	78.121,85
Provisions for taxes			
Provision for trade tax, EStG s. 4(5b)		0,00	11.012,00
Other provisions			
Other provisions	10.200,00		0,00
Provisions for vacation pay	68.031,00		54.726,00
Provsns period-end closing/ audit costs	5.000,00		5.000,00
		83.231,00	**59.726,00**
Trade payables			
Trade payables		7.203,73	8.692,18
of which due within			
one year EUR 7.203,73			
(EUR 8.692,18)			
Trade payables			
Liabilities to other long-term			
investees and investors			
Liablts other l-t investees/investors		12.350,00	1.000,00
of which due within one year EUR 12.350,00 (EUR 1.000,00)			
Liablts other l-t investees/investors			

Other liabilities

	EUR	Financial year EUR	Previous year EUR
Wage and church tax payables	10.613,72		7.783,12
Social security liabilities	4.675,31		0,00
		15.289,03	**7.783,12**
Deductible input tax, 19%	13.631,24-		13.261,99-
VAT, 19%	69.340,00		**99.173,07**
VAT prepayments	55.708,76-		85.910,93-
VAT prepayments 1/11	0,00		7.473,00-
VAT, current year	235,60		19.731,89
			12.259,04
Carry forward	**235,60**	**332.982,65**	**524.270,60**
Carry forward	235,60	332.982,65	524.270,60
			12.259,04
VAT, earlier years	0,00		265,44
		235,60	**12.524,48**
of which taxes EUR 10.849,32 (EUR 20.307,60)			
Wage and church tax payables			
Deductible input tax, 19%			
VAT, 19%			
VAT prepayments			
VAT prepayments 1/11			
VAT, current year			
VAT, earlier years			
of which social security EUR 4.675,31 (EUR 0,00)			
Social security liabilities			
of which due within one year EUR 15.524,63 (EUR 20.307,60)			
Wage and church tax payables			
Social security liabilities			
Deductible input tax, 19%			
VAT, 19%			
VAT prepayments			
VAT prepayments 1/11			
VAT, current year			
VAT, earlier years			
Total equity and liabilities		**333.218,25**	**524.536,04**
Sales			
Tax-exemt other serv. s. 18b UStG	291.300,00		399.125,00
Revenue, 19% VAT	364.947,34		521.963,30
Income from reversal of provisions		**656.247,34**	**921.088,30**
Income from reversal of provisions		1.940,00	0,00
Miscellaneous other operating income			
Other operating income	**274,40**		0,00
Prior - period income	**7,59**		176,08
		281,99	**176,08**
Wages and salaries			
Salaries	600.139,55-		623.412,33-
Exp. chge. prov. vac. pay	13.305,00-		34.427,00-
		613.444,55-	**657.839,33-**
Social security, post-employment and other employee benefit costs			
Statutory social security expenses	127.430,47-		130.385,26
Contrb. to occup. health/safety agency	1.965,70-		751,29
		129.396,17-	**131.136,55-**
Occupancy costs			
Rent (immovable property)		3.300,00-	3.300,00-

	EUR	Financial year EUR	Previous year EUR
Insurance premiums, fees and contributions			
Insurance premiums	929.14-		238.67-
Contributions	238.00-		344.16-
Late filing penalties/ admin. fines	80.00-		0.00
N-tx dedctbl l.filg. penlts/admin. fines	464.00-		0.00
		1.711.14-	**582.83-**
Advertising and travel expenses			
Advertising costs	2.091.02-		0.00
Corporate hospitality expenses	13.369.87-		0.00
Employee travel expenses	2.483.03-		3.969.84-
		17.943.92-	**3.969.84-**
Miscellaneous operating costs			
Other operating expenses	149.59-		0.00
Postage	56.05-		57.57-
Telephone	2.50-		14.48-
Legal and consulting costs	30.293.76-		31.095.02-
Period-end closing and audit costs	5.000.00-		7.110.22-
Bookkeeping costs	14.400.02-		12.813.47-
			51.090.76-
Carry forward	**49.901.92-**	**107.326.45-**	**73.345.07**
Carry forward	**49.901.92-**	**107.326.45-**	**73.345.07**
Miscellaneous operating costs			**51.090.76-**
Payroll accounting costs	15.450.00-		18.877.50-
Incidental monetary transaction costs	436.55-		463.80-
		65.788.47-	**65.788.47-**
Miscellaneous other operating expenses			
Cur. transl. losses (not s. 256a HGB)	26.38-		0.00
Prior-period expenses	31.82-		1.994.05-
		58.20-	**1.994.05-**
Other interest and similar income			
Interest income s. 233a AO, taxable		0.00	124.00
Taxes on income			
Corporate income tax	0.00		8.100.00-
Corporate income tax for prior years	23.176.25-		0.00
Corp. incm tax refunds prior years	0.00		23.759.00
Solidarity surcharge refunds prior years	0.00		1.306.73
Solidarity surcharge	0.00		445.60-
Trade tax	0.00		8.694.00-
Backp/refunds trade tax pr yrs, s 4/5	12.540.00-		18.162.00
		35.716.25-	**25.988.13**
Net loss for the financial year			
Net loss for the financial year		208.889.37-	78.121.85
LIST OF RECEIVABLES Debtors with debit balances			
Computacenter AG & Co. oHG	16.978.92		0.00
Sonata Europe Limited	139.850.00		49.875.00
TUI InfoTec GmbH	37.363.94		41.341.91
		194.192.86	**91.216.91**
		194.192.86	**91.216.91**
LIST OF PAYABLES Creditors with credit balances			
Global Assekuranz-Versicherungsmakler Gm	595.00		0.00
RLT Ruhrmann Tieben & Partner mbB	0.00		4.877.18
Sunita Phadnis-Otto	337.43		0.00
SRP GmbH Steuerberatungsgesellschaft	3.808.00		3.808.00
VerwaltungssBerufsgenossenschaft	**2.463.30**		0.00
	0.00		7.00
		7.203.73	**8.692.18**
		7.203.73	**8.692.18**

	EUR	Financial year EUR	Previous year EUR
Crown Plaza Schweizer Hof Hotel GmbH & C	5.746.74		0.00
KPMG AG	0.00		0.00
		5.746.74	0.10
Mohammed, Faiaz		0.00	149.49
		5.746.74	**149.59**

Identification data according to the registration court

Company name accordingregistration court:	Sonata Software GmbH
Place of business:	Frankfurt am Main
Incorporation:	Handelsregister
Registration court:	Frankfurt am Main
Register-No.	74245

Note: The following is a convenience translation of the attached form no. 5.1 published by DWS-Verlag; only the German original shall be legally binding

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 ____________________[2)] (in words: ________________________________ 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

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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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No. 5.3

– 2 –

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.

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.

Company registration number	17270
General Managers	Srikar Reddy Palem Anantha Padmanabhan
Registered office	Office # 2117 Al Shatha Tower Dubai Internet City P.O. Box 502818 Dubai, United Arab Emirates
Bankers	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 Rashild 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 2020.

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 2020 are shown in the attached financial statements.

DIRECTOR AND GENERAL MANAGERS AND THEIR INTERESTS

As at 31 March 2020, the director and general manager of the company were Mr. Srikar Reddy Palem and Mr. Anantha Padmanabhan, respectively 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 11th May 2020 and signed on their behalf by

Anantha Padmanabhan

General Manager

STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Notes	2020 USD	2019 USD
ASSETS			
NON - CURRENT ASSETS			
Tangible assets	6	257	333
Term deposit	10	198,112	198,112
Total non-current assets		**198,369**	**198,445**
CURRENT ASSETS			
Trade and other receivables	7	519,810	500,694
Cash and cash equivalents	8	93,914	268,453
Amounts due from related parties	12	795,354	892,714
Total current assets		**1,409,078**	**1,661,861**
TOTAL ASSETS		**1,607,447**	**1,860,306**
LIABILITIES			
NON - CURRENT LIABILITIES			
Provisions for employees' end of service benefits	9	31,076	25,004
CURRENT LIABILITIES			
Trade and other payables	11	124,521	157,454
Amounts due to related parties	12	2,384,300	2,382,097
Total current liabilities		**2,508,821**	**2,539,551**
TOTAL LIABILITIES		**2,539,897**	**2,564,555**
EQUITY			
Share capital	13	136,129	136,129
Accumulated losses	(	1,068,579)	(840,378)
Total equity		**(932,450)**	**(704,249)**
TOTAL LIABILITIES AND EQUITY		**1,607,447**	**1,860,306**

These financial statements were approved by the general managers and authorised for issue on 11th May 2020 and are signed on their behalf by:

Anantha Padmanabhan

General Manager

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	For the year ended 31 March 2020 USD	For the year ended 31 March 2019 USD
Revenue	**4**	636,829	976,376
Cost of services		(523,790)	(1,007,053)
GROSS PROFIT/(LOSS) FOR THE YEAR		**113,039**	**(30,677)**
General and administrative expenses	**5**	(241,805)	(281,427)
Interest expense		(112,642)	(99,921)
		(241,408)	**(412,025)**
Other income		13,207	23,993
NET LOSS FOR THE YEAR		**(228,201)**	**(388,032)**
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(228,201)**	**(388,032)**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Share capital USD	Accumulated losses USD	Total USD
At 1 April 2018	136,129	(452,346)	(316,217)
Loss for the year	–	(388,032)	(388,032)
At 31 March 2019	136,129	(840,378)	(704,249)
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)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	For the year ended 31 March 2020 USD	For the year ended 31 March 2020 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(228,201)	(388,032)
Adjustments for non-cash items:		
Expected credit loss allowance	75,702	2,453
Interest expense	112,642	99,921
Provision for employees' end of service benefits	6,072	14,323
Depreciation and amortisation during the year	76	77
	(33,709)	**(271,258)**
CHANGES IN WORKING CAPITAL		
Change in trade and other receivables	(94,818)	56,162
Change in term deposit	-	(198,112)
Change in work in progress	-	133,882
Change in amounts due from related parties	97,360	(332,260)
Change in amounts due to related parties	(210,439)	(247,849)
Change in trade and other payables	(32,933)	51,626
Cash used in operating activities	**(274,539)**	**(807,809)**
Employees' end of service benefits paid	-	(7,744)
NET CASH FLOWS UTILISED IN OPERATING ACTIVITIES	**(274,539)**	**(815,553)**
CASH FLOWS GENERATED FROM FINANCING ACTIVITIES		
Loans from a related party	100,000	
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(174,539)**	**(225,553)**
CASH AND CASH EQUIVALENTS	-	
At the beginning of the year	268,453	494,006
At the end of the year	93,914	268,453

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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 228,201 during the year ended 31 March 2020, (2019: USD 388,032), and as at that date, the accumulated losses amounted to USD 1,068,579 (2019: USD 840,378). 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.

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 2019 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 2020, 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 2021

IAS 1 – Classification of Liabilities as current or non-current 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.

Changes in significant accounting policies

Effect of IFRS 16 – Leases

IFRS 16 was issued in January 2016 and supersedes IAS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

IFRS 16 stipulates that all leases and associated contractual rights and obligations should generally be recognised in the lessee's Statement of Financial Position, unless the term is 12 months or less or the lease is for a low-value asset. Thus, the classification required under IAS 17 into operating or finance leases is eliminated for lessees. For each lease, the lessee must recognise a liability for lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalised, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and this is amortised over the useful life.

In the context of initial application, the Company has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low value assets.

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;

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.

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.

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.

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

	2020 USD	2019 USD
Revenue from providing value-based information technology (IT) solutions	636,829	976,376

5. General and administrative expenses

	For the year ended 31 March 2020 USD	For the year ended 31 March 2019 USD
Rent and maintenance	43,065	47,518
Salaries	46,788	91,447
Auditor's remuneration	12,214	13,756
Sales commission	-	28,763
Foreign exchange net loss and finance charges	4,979	5,987
Telephone and internet	15,140	13,756
Other administrative expenses	119,619	80,200
	241,805	**281,427**

6. Tangible assets

	Leasehold improvements USD	Office equipment USD	Computers and peripherals USD	Furniture and fixtures USD	Total USD
At 1 April 2018 and					
31 March 2019	2,852	451	8,268	5,236	16,807
At 1 April 2019 and					
31 March 2020	2,852	451	8,268	5,236	16,807
Accumulated depreciation					
At 1 April 2018	**2,852**	**451**	**8,268**	**4,826**	**16,397**
Charge during the year	**–**	**–**	**–**	**77**	**77**
At 31 March 2019	**2,852**	**451**	**8,268**	**4,903**	**16,474**
At 1 April 2019	**2,852**	**451**	**8,268**	**4,903**	**16,474**
Charge during the year					
At 31 March 2020	**2,852**	**451**	**8,268**	**4,979**	**16,550**
Net book value					
At 31 March 2020	**–**	**–**	**–**	**257**	**257**
At 31 March 2019	**–**	**–**	**–**	**333**	**333**

7. Trade and other receivables

	For the year ended 31 March 2020 USD	For the year ended 31 March 2019 USD
Trade receivables	562,589	584,698
Less: Expected credit loss allowance	(75,702)	(118,062)
Net trade receivables	486,887	466,636
Prepayments	5,927	8,353
Other receivables and deposits	26,966	25,705
	519,780	**500,694**

The movements in the expected credit loss allowance are as follows:

	2020 USD	2019 USD
At 1 April	118,062	115,609
Provision during the year	75,702	2,453
Reversal during the year	(118,062)	-
At 31 March	75,702	118,062

The Company's risk exposure and expected credit losses on other receivables and deposits are disclosed in Note 14.

8. Cash and cash equivalents

	2020 USD	2019 USD
Cash in bank	93,914	268,454

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

	2020 USD	2019 USD
At 1 April	25,004	18,425
Provision for the year	6,072	14,323
Payment during the year	-	(7,744)
At 31 March	31,076	25,004

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 2021, the Company and the Bank intend to settle the cash margin deposit.

11. Trade and other payables

	2020 USD	2019 USD
Trade creditors	20,708	19,226
Accrued salaries and benefits	26,039	16,965
Accrued sales commission	13,767	96,676
Accrued other expenses	6,695	24,587
Other payables	57,312	-
	124,521	**157,454**

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 2020 USD	For the year ended 31 March 2019 USD
Operational charges to related parties	342,702	792,392
Reimbursement of expenses	106,878	228,485
Loans from a related party	2,090,000	1,990,000
Interest expense on loans	112,642	99,921
	2,652,222	**3,110,798**

The following balances were outstanding at the end of the reporting year:

	2020 USD	2019 USD
Amounts due from related parties		
Sonata Software (Qatar) LLCS (Entity under common		
control)	766,742	864,104
Mohamed Nasser Abdullah Al Misnad (Joint venture)	28,422	28,422
Sonata Software Limited (Shareholder)	190	188
	795,354	**892,714**

	2020 USD	2019 USD
Amounts due from related parties		
Sonata Software Limited (Shareholder)	59,595	270,034
Sonata Software North America Inc.* (Entity under common control)	2,324,705	2,112,063
	2,384,300	**2,382,097**

*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 2020 and 31 March 2019, respectively.

13. Share capital

The details of share capital at 31 March are shown below:

	2020		2019	
	Number of shares	Amount USD	Number of shares	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. Revenue

	2020		2019	
	Carrying amount	Fair value USD	Carrying amount	Fair value USD
Financial assets				
Cash and cash equivalents	93,914	94,914	268,453	268,453
Amounts due from related parties	795,354	795,354	892,714	892,714
Trade and other receivables	513,883	513,883	492,341	492,341
Term deposit	198,112	198,112	198,112	198,112
Financial liabilities				
Trade and other payables	124,521	124,521	157,454	157,454
Amounts due to related parties	2,384,300	2,384,300	2,382,097	2,382,097
Provision for employee's end of service benefits	31,076	31,076	25,004	25,004

The fair value of financial assets and liabilities approximate the book value at 31 March 2020. 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:

There are no post balance sheet events that require disclosure in the financial statements.

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.

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:

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 Rashild Al Makhawi Building Oud Metha Road Dubai, United Arab Emirates Sheikh Zayed Road 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 2020.

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 2020 are shown in the attached financial statements.

GENERAL MANAGERS AND THEIR INTERESTS

As at 31 March 2020, 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 10th May 2020 and signed on behalf of the general managers by:

Mr. Anantha Balasubramanian

General Manager

STATEMENT OF FINANCIAL POSITION
As at 31 March 2020

	Notes	2020 USD	2019 USD
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	74,233	108,259
Prepayments and other receivables	5	28,969	14,127
Amounts due from a related party	6	49,530	73,587
TOTAL ASSETS		**152,732**	**309,779**
LIABILITIES			
CURRENT LIABILITIES			
Amounts due to a related party	6	766,742	864,105
Other payables	7	15,129	23,152
TOTAL LIABILITIES		**781,871**	**887,257**
EQUITY			
Share capital	8	55,080	55,080
Accumulated losses		(684,219)	(632,558)
Total equity		**(629,139)**	**(577,478)**
TOTAL LIABILITIES AND EQUITY		**152,732**	**309,779**
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 10th May 2020 and are signed on their behalf by:

Mr. Anantha Balasubramanian

General Manager

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	For the year ended 31 March 2020 USD	For the year ended 31 March 2019 USD
Revenue	**9**	150,244	271,102
Cost of services		**(150,244)**	**(271,102)**
GROSS PROFIT FOR THE YEAR		-	–
General and administrative expenses	**10**	(61,047)	(121,714)
Other income		9,386	6
NET LOSS FOR THE YEAR		**(51,661)**	**(115,464)**
		-	
OTHER COMPREHENSIVE INCOME		--	--
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(51,661)**	**(115,464)**

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	Share capital USD	Accumulated losses USD	Total USD
As at 1 April 2018	55,080	(517,094)	(462,014)
Loss for the year	-	(114,887)	(114,887)
As at 31 March 2019	55,080	(632,558)	(577,478)
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)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2020

	For the year ended 31 March 2020 USD	For the year ended 31 March 2020 USD
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(51,661)	(115,464)
Adjustments for non-cash items:		
Receivables written-off	-	(47,150)
Provision for employees' end of service benefits	-	885-
	(51,661)	**(161,729)**
Changes in working capital		
Change in prepayments and other receivables	(14,842)	80,824
Change in amounts due from a related party	137,863	(113,806)
Change in amounts due to a related party	(97,363)	334,979
Change in other payables	(8,023)	(19,175)
Cash (utilised in)/generated from operating activities	**(34,026)**	**121,093**
Employees' end of service benefits paid	-	(14,483)
NET CASH GENERATED FROM / (UTILISED) IN OPERATING ACTIVITIES	**(34,026)**	**106,610**
NET INCREASE / (DECREASE) INCASH AND CASH EQUIVALENTS	**(34,026)**	**106,610**
CASH AND CASH EQUIVALENTS		
At the beginning of the year	108,259	1,649
At the end of the year	74,233	108,259

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2020

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.

1The shareholders and their percentage of shareholdings for the year ended 31 March 2020 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 51,661 for the year ended 31 March 2020 (2019: USD 115,464), and as at that date, the accumulated losses amounted to USD 684,219 (2019: USD 632,558). 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 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 2019 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 2020, 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 2021 IAS 1 – Classification of Liabilities as current or non-current 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.

Changes in significant accounting policies

Effect of IFRS 16 – Leases

IFRS 16 was issued in January 2016 and supersedes IAS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

IFRS 16 stipulates that all leases and associated contractual rights and obligations should generally be recognised in the lessee's Statement of Financial Position, unless the term is 12 months or less or the lease is for a low-value asset. Thus, the classification required under IAS 17 into operating or finance leases is eliminated for lessees. For each lease, the lessee must recognise a liability for lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalised, which is generally equivalent to the present value of the future lease payments plus directly attributable costs and this is amortised over the useful life.

In the context of initial application, the Company has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low value assets.

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;

- 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 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.

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.

Employee 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 Article 54 of the Labor Law of Qatar.

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.

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 transferring promised of services 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.

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

	2020 USD	2019 USD
Prepayments	3,725	3,750
Security deposit	3,876	3,876
Other receivables	21,368	6,501
	28,969	**14,127**

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 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 2020 USD	For the year ended 31 March 2019 USD
Operational charges to related party	150,244	271,102
Reimbursement of expenses	-	66,590
	150,244	**337,692**

The following balances were outstanding at the end of the reporting year:

	2020	2019
Amounts due to a related party	USD	USD
Sonata Software FZ LCC (Entity under common control)	766,742	864,105

	2020	2019
Amounts due from a related party	USD	USD
Sonata Software Limited (Shareholder)	49,530	187,393

7. Other payables

	2019	2018
	USD	USD
Other payables	15,129	23,152

8. Share capital

The details of share capital at 31 March are shown below:

	2020		2019	
	Number of shares	Amount USD	Number of shares	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 2020 USD	For the year ended 31 March 2019 USD
Revenue from software development and information technology consulting	150,244	271,102

10. Net loss

Net loss is stated after charging:

	For the year ended 31 March 2020 USD	For the year ended 31 March 2019 USD
Staff costs	-	25,625
Office rent	22,306	21,780
Audit fee	9,214	10,813
Other administrative expenses	29,527	63,496
	61,047	**121,714**

11. Financial instruments

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
	USD	USD	USD	USD
Financial assets				
Cash and cash equivalents	74,233	74,233	108,259	108,259
Other receivables	25,244	25,244	10,377	10,377
Amounts due from a related party	49,530	49,530	187,393	187,393
Financial liabilities				
Other payables	15,129	15,129	23,152	23,152
Amounts due to a related party	766,742	766,742	864,105	864,105

The fair value of financial assets and liabilities approximate their book value at 31 March 2020. 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 comprised primarily of bank balance and amounts due from a related party.

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 and other receivable is subjected to credit evaluations. The Company assesses the credit quality of the amounts due from a related party and other receivables, 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 and 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 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 2020 (2019: 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.

SONATA SOFTWARE

BALANCE SHEET as at March 31, 2020

USD

	Note No.	As At March 31, 2020	As At March 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	201,546	318,780
Intangible assets	4	1	10,259
Financial assets			
Other financial assets	5	95,523	16,306
Other non-current assets	6	40,951	40,798
Total non-current assets		**338,022**	**386,143**
CURRENT ASSETS			
Financial assets	7		
Trade receivables	7.1	699,070	671,332
Cash and cash equivalents	7.2	1,415,808	1,175,668
Other current assets	8	151,379	62,562
Total current assets		**2,266,257**	**1,909,563**
Total assets		**2,604,279**	**2,295,706**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	500,250	500,250
Other equity	10	1,688,977	1,107,942
Total Equity		**2,189,227**	**1,608,192**
LIABILITIES			
NON-CURRENT LIABILITIES			
Other non-current liabilities	11	-	248,066
Total non-current liabilities		-	248,066
CURRENT LIABILITIES			
Financial liabilities	12		
Trade payables		376,781	286,767
Other financial liabilities	12.1	-	80,588
Other current liabilities	13	26,539	55,191
Provisions	14	11,733	16,903
Total current liabilities		**415,052**	**439,449**
Total equity and liabilities		**2,604,279**	**2,295,706**

STATEMENT OF PROFIT & LOSS for the year ended March 31, 2020

USD

	Note No.	For the year ended March 31, 2020	For the year ended March 31, 2019
INCOME			
Revenue from operations	15.1	8,018,147	6,764,833
Total revenue		**8,018,147**	**6,764,833**
EXPENSES			
Purchases of stock-in-trade (traded goods)		539,479	737,686
Employee benefit expenses	16	1,328,465	1,797,188
Finance costs	17	-	1,080
Depreciation and amortization expense	3	127,491	279,968
Other expenses	18	3,770,332	2,553,531
Total expenses		**5,765,767**	**5,369,452**
Profit before tax		**2,252,380**	**1,395,381**
Tax expense		-	-
Profit after tax		**2,252,380**	**1,395,381**
Earnings per share - Basic and Diluted (on $ 1 per share)		4.50	2.79

See accompanying notes forming part of the financials statements

CASH FLOW STATEMENT for the year ended March 31, 2020

USD

	Note No.	As At March 31, 2020	As At March 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit/(loss) before tax		**2,252,380**	**1,395,381**
Adjustments for :			
Depreciation and amortization expense		127,491	279,968
Interst paid on Intercorporate borrowings		-	1,080
Operating Profit before working capital changes		**2,379,871**	**1,676,429**
Adjustments for :			
Decrease/(increase) in trade receivables		(27,738)	68,795
Decrease/(increase) in other Non current assets		(153)	(10,407)
Decrease/(increase) in other current assets		(88,817)	154,970
(Decrease)/increase in Other financial assets		(79,217)	-
(Decrease)/increase in trade payables		90,014	(994,750)
(Decrease)/increase in other non current liabilities		-	(89,047)
(Decrease)/increase in other current liabilities		(28,651)	15,540
(Decrease)/increase in short-term provisions		(5,169)	(38,555)
Cash generated from operations		**2,240,140**	**782,975**
Net cash from operating activities		**2,240,140**	**782,975**
Net cash from operating activities after exceptional items	**(A)**	**2,240,140**	**782,975**
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			
Interest paid on Inter corporate borrowings		-	(693,597)
Inter-corporate borrowings from Holding Company		-	(243,280)
Dividend paid to Sonata Software North America		(2,000,000)	-
Net cash from financing activities	**(C)**	(2,000,000)	(936,877)
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	**240,140**	**(153,902)**
Opening cash and cash equivalents		**1,175,668**	**1,329,570**
Closing cash and cash equivalents		**1,415,808**	**1,175,668**
Cash and cash equivalents at the end of the year Comprises :			
Cash on hand		**1,000**	**1,000**
Balances with banks			
In Current accounts		**1,414,808**	**1,174,668**
In Deposit accounts		**-**	**-**
		1,415,808	**1,175,668**

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.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor.

Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. Refer Note 39 for further details

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 Company's major tax jurisdictions is USA. 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) Impairment testing: Investments in subsidiaries, goodwill and intangible assets are tested for impairment annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

iii) 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.

iv) 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.

v) **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.

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. Leases

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than USD 5,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

f. 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.

g. Employee Benefits

Employee benefits include washington taxes, 401K payable, Newyork disability payable and Gross receipt tax.

Short-term employee benefits -need to be updated

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. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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").

o. 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.

p. 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.

q. 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.

r. 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.

Notes forming part of financial statements

3 : Property, Plant and Equipment

USD

	Tangible Assets				
Particulars	**Office Equipments**	**Leasehold Improvements**	**Furniture and fixtures**	**Plant and equipments**	**Total**
Deemed cost					
As at April 1, 2018	**39,683**	**564,416**	**75,957**	**117,085**	**797,140**
Additions	-	-	-	-	-
Disposals/Write off	-	-	-	-	-
As at March 31, 2019	**39,683**	**564,416**	**75,957**	**117,085**	**797,140**
As at April 1, 2019	**39,683**	**564,416**	**75,957**	**117,085**	**797,140**
Additions	-	-	-	-	-
Disposals/Write off	-	-	-	-	-
As at March 31, 2020	**39,683**	**564,416**	**75,957**	**117,085**	**797,140**
Depreciation/ Amortization					
As at April 1, 2018	35,523	178,815	43,997	93,419	351,755
Charge for the Year	2,444	91,567	16,872	15,722	126,605
As at March 31, 2019	**37,968**	**270,382**	**60,869**	**109,141**	**478,360**
As at April 1, 2019	**37,968**	**270,382**	**60,869**	**109,141**	**478,360**
Charge for the Year	1,394	97,075	10,820	7,944	117,233
As at March 31, 2020	**39,361**	**367,456**	**71,690**	**117,085**	**595,593**
Net Block					
As at March 31, 2019	**1,715**	**294,034**	**15,087**	**7,943**	**318,780**
As at March 31, 2020	**322**	**196,959**	**4,267**	**(0)**	**201,546**

4 : Intangible assets

USD

	Intangible Assets		
Particulars	**Owned Computer Software**	**Software Licence**	**Total**
Deemed cost			
As at April 1, 2018	**5,089**	**694,343**	**699,432**
Additions	-	-	-
Disposals/Write off	-	-	-
As at March 31, 2019	**5,089**	**694,343**	**699,432**
As at April 1, 2019	**5,089**	**694,343**	**699,432**
Additions	-	-	-
Disposals/Write off	-	-	-
As at March 31, 2020	**5,089**	**694,343**	**699,432**
Depreciation/ Amortization			
As at April 1, 2018	4,241	531,569	535,809
Charge for the Year	**432**	**152,932**	**153,364**
Disposals/Write off	-	-	-
As at March 31, 2019	**4,673**	**684,501**	**689,173**
As at April 1, 2019	4,673	684,501	689,173
Charge for the Year	**416**	**9,842**	**10,258**
Disposals/Write off	**-**	**-**	**-**
As at March 31, 2020	**5,088**	**694,343**	**699,431**
Net Block			
As at March 31, 2019	**417**	**9,842**	**10,259**
As at March 31, 2020	**1**	**-**	**1**

5 : Other financial assets

USD

	As at March 31, 2020	As at March 31, 2019
Loans and advances to related parties (Refer Note 22)		
Advances recoverable	95,523	-
Security deposits	-	16,306
Total	**95,523**	16,306

6 : Other non-current assets

USD

	As at March 31, 2020	As at March 31, 2019
Advance Tax	40,951	40,798
	40,951	**40,798**

7.1 : Trade receivables

USD

	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered good	699,070	671,332
Considered doubtful	342,904	37,718
	1,041,975	709,050
Less : Provision for doubtful trade receivables	342,904	37,718
Total	**699,070**	**671,332**

7.2 : Cash and cash equivalents

USD

	As at March 31, 2020	As at March 31, 2019
Cash on hand	1,000	1,000
Balances with banks		
In Current accounts	1,414,808	1,174,668
Total	**1,415,808**	**1,175,668**

8 : Other current assets

USD

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	24,452	39,960
Other recoverables	126,928	20,818
Loans and advances to employees	-	1,785
Total	**151,379**	**62,562**

9 : Equity share capital

USD

	As at March 31, 2020	As at March 31, 2019
Authorized		
Common Stock of 500,250 shares, of $1 each		
(As at 31.03.2020, 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 31.03.2020, 500,250 shares of $1 each fully paid up)		
Total	**500,250**	**500,250**

SONATA SOFTWARE

10 : Other equity

USD

	As at March 31, 2020	As at March 31, 2019
Retained earnings		
Opening balance	1,107,942	(287,439)
Profit for the year	2,252,380	1,395,381
Adjustments during the year:		
Rent equalization	328,655	
Dividend Paid	(2,000,000)	-
Closing balance	**1,688,977**	**1,107,942**

11 : Other non-current liabilities

USD

	As at March 31, 2020	As at March 31, 2019
Rent equalization	-	248,066
Total	**-**	**248,066**

12.1 : Other financial liabilities

USD

	As at March 31, 2020	As at March 31, 2019
Provision for rent equalization	-	80,588
	-	**80,588**

13 : Other current liabilities

USD

	As at March 31, 2020	As at March 31, 2019
Income received in advance (Unearned revenue)	14,284	51,878
Statutory remittances	0	3,313
Others	12,255	-
Total	**26,539**	**55,191**

14 : Provisions

USD

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for compensated absences	11,733	16,903
Total	**11,733**	**16,903**

15.1 : Revenue from operations

USD

	As at March 31, 2020	As at March 31, 2019
Revenue from software services	8,018,147	6,764,833
Total	**8,018,147**	**6,764,833**

16 : Employee benefit expenses

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages, bonus and allowances	1,246,015	1,759,601
Contribution to 401K fund	16,356	37,587
Staff welfare expenses	66,094	-
Total	**1,328,465**	**1,797,188**

17:Finance costs

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense		
Interest Expense - Others	-	1,080
Total	**-**	**1,080**

18 : Other expenses

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Power and fuel	47,077	49,978
Rent	183,093	196,831
Insurance	73,892	202,914
Rates and taxes	7,460	10,106
Communication cost	41,215	48,325
Facility maintenance	15,490	27,579
Travelling and conveyance expenses	166,807	37,115
Professional and technical fees	7,547	8,548
Legal fees	30,589	-
Software Project Fee	2,760,586	1,866,650
Bad debts	305,187	9,925
Payment to auditors	43,465	-
Net loss on foreign currency transaction and translation	640	-
Miscellaneous expenses	87,284	95,561
Total	**3,770,332**	**2,553,531**

19: Contingent Liabilities

There is no contingent liabilities as at the year end.

20: Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for

USD

	March 31, 2020	March 31, 2019
Estimated amount of contracts reamining to be executed on capital account and not provided for	-	-

21 : 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.

22 : 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 :

	Holding Company March 31,2020	Holding Company March 31,2019
Rendering of services/Sale of products		
Sonata Software North America Inc.	393,765	471,755
Sonata Software Limited	52,383	60,907
Sonata Europe Ltd	66,660	
Software project fees		
Sonata Software Limited	1,475,310	1,687,100
Sopris Systems LLC	174,688	
Sonata Software North America Inc.	17,767	
Interporate borrowings repaid		
Sonata Software North America Inc.		293,280
Interest on inter corporate borrowings		
Sonata Software North America Inc.		1,080
Balances outstanding at the end of the year		
Trade payables/ Other Current liabilities		
Sonata Software Ltd	102,459	63,592
Interest accrued on borrowings		
Sonata Software North America Inc.		-
Trade Receivable		
Sonata Software North America Inc.	101,712	41,556
Sonata Europe Ltd		14,047
Advances receivables		
Sonata Software North America Inc.		-
Sonata Software Ltd		-
Inter corporate borrowings		
Sonata Software North America Inc.		-

23 : 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

		March 31, 2020	March 31, 2019
ii.	The total of future minimum lease payments for non-cancellable operating leases are as below :	-	222,200
	Not later than one year	-	535,770
	Later than one year and not later than 5 years		
iii.	The lease payments recognised in the statement of Profit and Loss are as under :	183,093	196,831
	Included in rent	183,093	196,831
iv.	There are no rents which are contingent in nature.		

24 : Earnings Per Share

USD

Particulars	March 31, 2020	March 31, 2019
Profit attributable to equity shareholders ($)	2,252,380	1,395,381
Weighted average number of Equity Shares of $1- each	500,250	500,250
Earnings Per Share - Basic and Diluted ($)	4.50	2.09

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

BALANCE SHEET as at March 31, 2020

AUD

	Note No.	As at March 31, 2020	As at March 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	3	8,795	10,925
Financial assets			
Other financial assets	4	-	5,940
Total non-current assets		**8,795**	**16,865**
CURRENT ASSETS			
Financial assets			
Trade receivables	5	1,262,670	1,181,074
Cash and cash equivalents	6	1,147,150	126,235
Other current assets	7	68,688	75,004
Total current assets		**2,478,507**	**1,382,313**
TOTAL		**2,487,302**	**1,399,178**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	8	2	2
Other equity	9	550,045	(380,921)
Total Equity		**550,047**	**(380,919)**
LIABILITIES			
CURRENT LIABILITIES			
Financial liabilities			
Borrowings	10	-	500,000
Trade payables		412,689	373,582
Other financial liabilities	11	836,644	659,969
Provisions	12	687,922	246,547
		1,937,255	**1,780,097**
TOTAL		**2,487,302**	**1,399,178**

STATEMENT OF PROFIT & LOSS for the year ended March 31, 2020

AUD

	Note No.	For the year ended March 31, 2020	For the Period 21.12.2018 to March 31, 2019
REVENUE			
Revenue from operations	13.1	6,808,960	1,722,887
Other income	13.2	20,529	267,563
Total revenue		**6,829,488**	**1,990,450**
EXPENSES			
Purchase of stock-in-trade (traded goods)		1,209,409	518,562
Employee benefit expenses	14	2,573,616	665,373
Finance costs	15	9,705	2,309
Depreciation and amortization expense	3	7,758	3,920
Other expenses	16	1,699,048	323,124
Total expenses		**5,499,535**	**1,513,288**
Profit before tax		**1,329,953**	**477,162**
Current tax expense		398,987	-
Profit after tax		**930,967**	**477,162**

SONATA SOFTWARE

Cash Flow Statement for the year ended 31st March 2020

AUD

		As at March 31, 2020
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax		**1,329,953**
Adjustments for :		
Depreciation and amortization expense		7,758
Interest expense		9,705
Interest income		2,984
Operating Profit before working capital changes		**1,350,399**
Adjustments for :		
Decrease/(increase) in trade receivables		(81,596)
Decrease/(increase) in other current assets		6,316
Decrease/(increase) in other financial assets		5,940
(Decrease)/increase in trade payables		39,108
(Decrease)/increase in other financial liabilities		176,676
(Decrease)/increase in short-term provisions		441,375
Cash generated from operations		**1,938,217**
Direct taxes/advance tax paid (net)		(398,987)
Net cash from operating activities	**A**	**1,539,230**
Net cash from operating activities after exceptional items		**1,539,230**
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, CWIP and		(5,627)
Interest received		(2,984)
Net cash flow from investing activities	**B**	**(8,611)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of Inter corporate Borrowings		(500,000)
Interest paid		(9,705)
Net cash from financing activities	**C**	**(509,705)**
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	**1,020,915**
Opening cash and cash equivalents		126,235
Closing cash and cash equivalents		**1,147,150**
Cash and cash equivalents at the end of the year Comprises :		
Balances with banks		
In Current accounts		1,147,150
In Deposit accounts		
		1,147,150

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.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor.

Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. Refer Note 39 for further details

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 Company's major tax jurisdictions is Australia. 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) Impairment testing: Investments in subsidiaries, goodwill and intangible assets are tested for impairment annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

iii) 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.

iv) 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.

v) 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.

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. Leases

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than USD 5,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

f. 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.

g. Employee Benefits

Short-term employee benefits -need to be updated

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. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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").

o. 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.

p. 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.

q. 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.

r. 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.

Notes forming part of financial statements

3. Property, Plant and Equipment

AUD

Particulars	Tangible Assets			
	Office Equipments	Furniture and Fixtures	Plant and Equipments	Total Tangible Assets
Deemed cost				
As at April 1, 2019	**123,051**	**214,003**	**214,867**	**551,921**
Additions			5,627	5,627
Disposals/Write off	-	-	-	-
As at March 31, 2020	123,051	214,003	220,494	557,548
Depreciation/ Amortization				
As at April 1, 2019	**123,008**	**209,404**	**208,583**	**540,996**
Charge for the Year	28	510	7,219	7,758
As at March 31 2020	**123,037**	**209,914**	**215,802**	**548,753**
Net Block:				
As at March 31 2019	**43**	**4,599**	**6,283**	**10,925**
As at March 31 2020	**14**	**4,089**	**4,691**	**8,795**

4 : Other non-current assets

AUD

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good		
Security deposits	-	5,940
Total	**-**	**5,940**

5 : Trade receivables

AUD

	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered good	1,262,670	1,181,074
Total	**1,262,670**	**1,181,074**

6 : Cash and cash equivalents

AUD

	As at March 31, 2020	As at March 31, 2019
Cash on hand	625	625
Balances with banks		
In Current accounts	1,146,525	125,610
Total	**1,147,150**	**126,235**

7 : Other current assets

AUD

	As at March 31, 2020	As at March 31, 2019
Prepaid expenses	68,688	63,493
Other recoverables	-	11,511
Total	**68,688**	**75,004**

8 : Equity Share capital

AUD

	As at March 31, 2020	As at March 31, 2019
Authorized		
Issued, Subscribed and paid-up		
Share capital	2	2
Total	**2**	**2**

9 : Other equity

AUD

	As at March 31, 2020	As at March 31, 2019
Surplus in Statement of Profit and Loss		
Opening balance	(380,921)	(858,084)
Profit/(loss) for the year	930,967	477,162
Total	**550,045**	**(380,921)**

10 : Borrowings

AUD

	As at March 31, 2020	As at March 31, 2019
Loans and advances from related parties		
Inter-corporate borrowings from holding Company	-	500,000
Total	**-**	**500,000**

11: Other current liabilities

AUD

	As at March 31, 2020	As at March 31, 2019
Income received in advance (Unearned revenue)	517,308	204,970
Interest accrued on Inter-corporate deposits	-	2,309
Others	319,336	452,690
Total	**836,644**	**659,969**

12 : Provisions

AUD

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Provision for compensated absences	288,933	246,547
Provision for tax	398,989	-
Total	**687,922**	**246,547**

13.1 : Revenue from operations

AUD

	For the quarter ended 31.03.2020	For the period Dec 21,2018 to March 31, 2019
Revenue from software services	3,973,667	1,333,991
Revenue from hardware/software product and licenses	2,835,293	388,896
Total	**6,808,960**	**1,722,887**

SONATA SOFTWARE

13.2 : Other income

AUD

	For the quarter ended 31.03.2020	For the period Dec 21,2018 to March 31, 2019
Interest income	2,984	393
Net gain on foreign currency transaction and translation	17,545	-
Miscellaneous income	-	260,578
Total	**20,529**	**267,563**

14 : Employee benefit expenses

AUD

	For the quarter ended 31.03.2020	For the period Dec 21,2018 to March 31, 2019
Salaries, wages, bonus and allowances	2,315,352	595,664
Contributions to provident and other funds	247,894	64,348
Staff welfare expenses	10,370	5,361
Total	**2,573,616**	**665,373**

15 : Finance costs

AUD

	For the quarter ended 31.03.2020	For the period Dec 21,2018 to March 31, 2019
Interest expense		
Borrowings	9,705	2,309
	9,705	**2,309**

16 : Other expenses

AUD

	For the quarter ended 31.03.2020	For the period Dec 21,2018 to March 31, 2019
Rent	190,407	52,696
Repairs and maintenance - Machinery	12,183	11,079
Insurance	23,859	6,382
Rates and taxes	1,664	1,251
Communication cost	40,712	17,449
Facility maintenance	48,223	10,599
Travelling and conveyance expenses	144,799	55,385
Sales commission	44,103	5,419
Software Project fees	720,384	-
Professional and technical fees	297,396	124,476
Legal fees	170	2,000
Net loss on foreign currency transaction and translation	-	3,617
Miscellaneous expenses	175,150	32,772
Total	**1,699,048**	**323,124**

17: Contingent Liabilities

There is no contingent liabilities as at date of balance sheet.

18: Commitments

AUD

	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

19 : 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 in AS 17 are not applicable to the Company.

20 : 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, 2020	March 31, 2019
Interest on inter corporate deposits		
Sonata Software Limited	9,705	2,309
Inter corporate borrowings taken		
Sonata Software Limited	-	900,000
Inter corporate borrowings Paid		
Sonata Software Limited	500,000	400,000

AUD

Particulars	Holding Company	
	March 31, 2020	March 31, 2019
Balances outstanding at the end of the year		
Inter corporate borrowings		
Sonata Software Limited	-	500,000
Interest accrued on borrowings		
Sonata Software Limited	-	2,309

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

BALANCE SHEET as at March 31, 2020

USD

	Note No.	As At March 31, 2020	As At March 31, 2019
ASSETS			
NON-CURRENT ASSETS			
Property, Plant and Equipment	3	4,932	
Total non-current assets		**4,932**	**-**
CURRENT ASSETS			
Financial assets			
Trade receivables	4	578,373	621,482
Cash and cash equivalents	5	365,851	166,661
Other current assets	6	465,969	255,354
Total current assets		**1,410,193**	**1,043,498**
TOTAL		**1,415,125**	**1,043,498**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital		2	2
Other equity	7	(1,524,239)	(996,603)
Total Equity		**(1,524,237)**	**(996,601)**
LIABILITIES			
CURRENT LIABILITIES			
Financial liabilities			
Borrowings	8	1,960,000	895,000
Trade payables		551,275	504,600
Other financial liabilities	9	428,087	640,500
		2,939,362	**2,040,099**
TOTAL		**1,415,125**	**1,043,498**

STATEMENT OF PROFIT & LOSS for the year ended March 31, 2020

USD

	Note No.	For the year ended March 31, 2020	For the Period February 15, 2019 to March 31, 2019
REVENUE			
Revenue from operations	10.1	6,099,683	747,205
Other income	10.2	15,878	23,928
Total revenue		**6,115,561**	**771,132**
EXPENSES			
Employee benefit expenses	11	4,713,846	632,012
Finance costs	12	96,566	5,557
Depreciation and amortization expense		423	-
Other expenses	13	1,832,363	254,363
Total expenses		6,643,197	891,931
Profit before tax		**(527,636)**	**(120,799)**
Current tax expense		**-**	**-**
Profit after tax		**(527,636)**	**(120,799)**

CASH FLOW STATEMENT for the year ended March 31, 2020

USD

		Note No.	As At March 31, 2020
A.	CASH FLOW FROM OPERATING ACTIVITIES		
	Net profit/(loss) before tax		**(527,636)**
	Adjustments for :		
	Depreciation and amortization expense		423
	Interest expense		96,566
	Allowance for bad & doubtful trade receivables		401,717
	Operating Profit before working capital changes		**(28,930)**
	Adjustments for :		
	Decrease/(increase) in trade receivables		(358,608)
	Decrease/(increase) in other current assets		(210,615)
	(Decrease)/increase in trade payables		46,675
	(Decrease)/increase in other current liabilities		(212,412)
	Cash generated from operations		**(763,890)**
	Direct taxes/advance tax paid (net)		-
	Net cash from operating activities		**(763,890)**
	Net cash from operating activities after exceptional items		**(763,890)**
B.	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of fixed assets, including intangible assets, CWIP and		(5,355)
	Net cash flow from investing activities	**(B)**	**(5,355)**
C.	CASH FLOW FROM FINANCING ACTIVITIES		
	Inter corporate loan from holiding company		1,065,000
	Interest paid		(96,566)
	Net cash from financing activities	**(C)**	**968,434**
	Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	199,189
	Opening cash and cash equivalents		166,661
	Closing cash and cash equivalents		365,851
	Cash and cash equivalents at the end of the year Comprises :		
	Balances with banks		
	In Current accounts		365,851
			365,851

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.

Except for the changes below, the Company has consistently applied accounting policies to all periods.

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor.

Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. Refer Note 39 for further details

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 Company's major tax jurisdictions is USA. 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) Impairment testing: Investments in subsidiaries, goodwill and intangible assets are tested for impairment annually and when events occur or changes in circumstances indicate that the recoverable amount of the asset or cash generating units to which these pertain is less than its carrying value. The recoverable amount of cash generating units is higher of value-in-use and fair value less cost to dispose. The calculation of value in use of a cash generating unit involves use of significant estimates and assumptions which includes turnover and earnings multiples, growth rates and net margins used to calculate projected future cash flows, risk-adjusted discount rate, future economic and market conditions.

iii) 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.

iv) 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.

v) 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.

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. Leases

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than USD 5,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognised as an expense and income respectively, on a straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

f. 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.

g. Employee Benefits

Employee benefits include washington taxes, 401K payable, Newyork disability payable and Gross receipt tax.

Short-term employee benefits -need to be updated

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. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

h. 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.

i. 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.

j. 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.

k. 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.

l. 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.

m. 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.

n. 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").

o. 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.

p. 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.

q. 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.

r. 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."

Notes forming part of financial statements

3 : Property, Plant and Equipment

USD

Particulars	Plant and Equipments	Total Tangible Assets
Deemed cost		
As at April 1, 2019	-	-
Additions	5,355	5,355
Disposals/Write off	-	-
As at March 31, 2020	**5,355**	**5,355**
Depreciation/ Amortization		
As at April 1, 2019	-	-
Charge for the Year	423	423
As at March 31, 2020	**423**	**423**
Net Block:		
As at March 31, 2019	-	-
As at March 31, 2020	**4,932**	**4,932**

4 : Trade receivables

USD

	As at March 31, 2020	As at March 31, 2019
Unsecured		
Considered good	1,314,696	956,088
Considered doubtful	(736,323)	(334,606)
	578,373	621,482
Less : Allowances for credit losses	-	-
Total	**578,373**	621,482

5 : Cash and cash equivalents

USD

	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In Current accounts	365,851	166,661
Total	**365,851**	**166,661**

6 : Other current assets

USD

	As at March 31, 2020	As at March 31, 2019
Loans and advances to employees	2,210	-
Prepaid expenses	1,945	-
Other recoverables	461,814	255,354
Total	**465,969**	**255,354**

7 : Other equity

USD

	As at March 31, 2020	As at March 31, 2019
Surplus in Statement of Profit and Loss		
Opening balance	(996,603)	(875,804)
Profit/(loss) for the year	(527,636)	(120,799)
Total	**(1,524,239)**	**(996,603)**

8 : Borrowings

USD

	As at March 31, 2020	As at March 31, 2019
Loans and advances from related parties		
Inter-corporate borrowings from holding Company - Unsecured	1,960,000	895,000
Total	**1,960,000**	**895,000**

9: Other current liabilities

USD

	As at March 31, 2020	As at March 31, 2019
Interest accrued on Inter-corporate deposits	102,123	5,557
Statutory remittances	40,732	79,160
Advances from customers	50,488	3,825
Others	234,744	551,958
Total	**428,087**	**640,500**

10.1 : Revenue from operations

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Revenue from software services	6,099,683	735,471
Other operating revenues	(0)	11,733
Total	**6,099,683**	**747,205**

10.2 : Other income

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Provision no longer required written back	15,817	-
Miscellaneous income	61	23,928
Total	**15,878**	**23,928**

10 : Employee benefit expenses

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, wages, bonus and allowances	4,485,314	576,374
Staff welfare expenses	228,532	55,638
Total	**4,713,846**	**632,012**

12:Finance costs

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense		
Borrowings	96,566	5,557
	96,566	**5,557**

13 : Other expenses

USD

	For the year ended March 31, 2020	For the year ended March 31, 2019
Repairs and maintenance - Machinery	166	-
Insurance	4,230	-
Rates and taxes	92,896	9,825
Communication cost	81,427	5,324
Facility maintenance	3,584	3,845
Travelling and conveyance expenses	124,316	14,615
Software Project fees	218,301	41,640
Professional and technical fees	267,983	36,794
Legal fees	51,284	-
Insourcing professional fees	219,665	93,593
Provision for doubtful trade receivables	401,717	-
Payment to auditors	4,500	-
Miscellaneous expenses	362,294	48,727
Total	**1,832,363**	**254,363**

14: Contingent Liabilities

There is no contingent liabilities as at the end of the balance sheet dates.

15: Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for

USD

	March 31, 2020	March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-

16 : 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 in AS 17 are not applicable to the Company.

17 : 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 :**

	Holding Company March 31,2020	Holding Company March 31,2019
Revenue		
Sonata Software North America Inc.	15,686	
Interactive Business Information Systems Inc.	174,688	
Sonata Software Ltd	24,561	
Deputation cost / Service charges / Software project fees		
Sonata Software North America Inc.	22,402	41,640
Sonata Software Ltd	195,899	
Interest on inter corporate deposits		
Sonata Software North America Inc.	96,566	5,556
Inter corporate borrowings taken		
Sonata Software North America Inc.	1,010,000	1,480,000
Inter corporate borrowings Paid		
Sonata Software North America Inc.	145,000	585,000
Balances outstanding at the end of the year		
Trade payables		
Sonata Software North America Inc.	84,786	
Sonata Software Ltd	195,899	
Trade Receivables		
Sonata Software North America Inc.	15,686	
Interactive Business Information Systems Inc. (IBIS)	8,281	
Sonata Software Ltd	24,561	
Advances payable		
Sonata Software North America Inc.	5,625	85,920
Inter corporate borrowings		
Sonata Software North America Inc.	1,960,000	895,000
Interest accrued on borrowings		
Sonata Software North America Inc.	96,566	5,556

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