

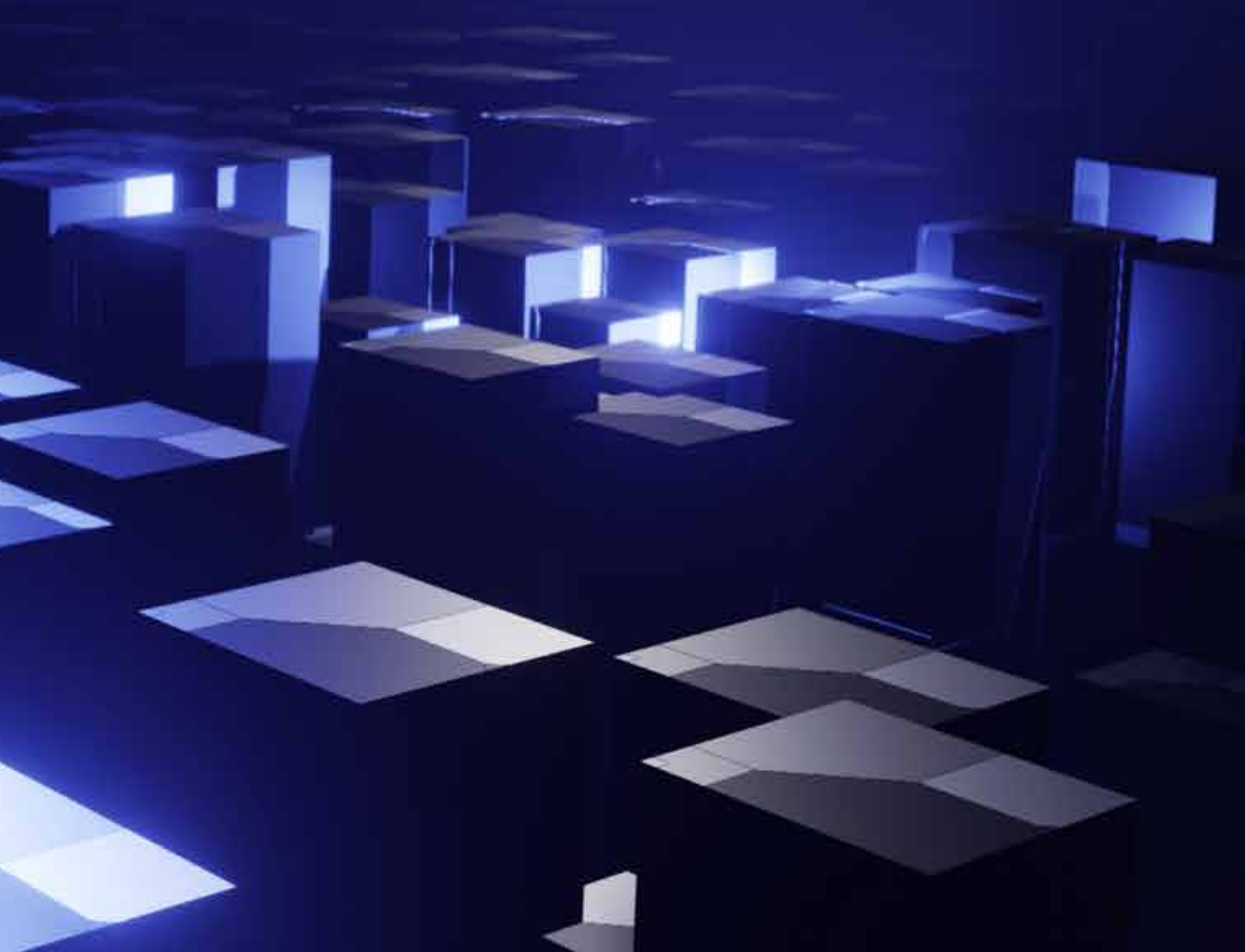
PLATFORMATION™

DIGITAL TRANSFORMATION DELIVERED



SONATA SOFTWARE

ANNUAL REPORT
2021-22



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PLATFORMATION™

delivers more impactful digital services

It has been five years since we conceptualized Platformation™, our unique proprietary model of digital transformation for organizations. The model was created after understanding how successful, born-digital companies have been able to create, grow and scale by deploying digital technologies in unique ways and creating successful platform-based businesses.

The world continues to evolve rapidly. Old business models have been upended. Digital is no longer an adjunct to business efficiency. It has become its lifeblood. Companies need more from their partners. Not just for digital transformation, but also to navigate an increasingly chaotic world of shifting consumer habits, multiple technology platforms and a future that holds great promise but even higher risks.

Companies have realized that a successful digital program is based on creating and deploying holistic business and technology platforms.

Driving Digital Transformation

Platformation™ has now become more relevant than ever, with the realization that platforms are core to successful digital businesses. Platformation™ has allowed us to combine a design thinking-led approach with a platform mindset, enabling us to stand as partners to our customers' platform journey, from inception to support. The platform-based businesses we help build are open, connected, scalable and intelligent – the attributes necessary to create successful digital businesses. The Platformation™ approach leverages world-class consulting assets and best practices: the Platform Maturity Assessment, that uses our proprietary methods to understand where are clients stand in their digital journey; the implementation of platform business models and technology maturity frameworks to assess maturity; the implementation of key platform technologies like data, cloud, cyber security, IoT and AI; marchitecture, which works as a blueprint, laying out the various platforms and their constituent components, as well as their interfaces with other systems.

The Foundation of our Offerings

The Platformation™ offering today has now matured over the past five years. the offerings range from consulting on platform alignment to Platformation™, building, deploying, and managing platforms.

The services span the whole technology stack: cloud services - modernization, native development, platform engineering, data and analytics - data modernization, creating data infrastructure on the cloud, insights using AI/ML, and implementing cloud SaaS platforms to improve core business processes.

Digital services also include building solutions and deploying and managing end to end technology stacks of hyper-scalers to achieve broad-spectrum digital transformation.

Delivering Excellence

Our strong digital services have been at the forefront delivering the business transformations for our clients, through thought leadership, customer centricity, and execution excellence.

Some of the major Platformation™ engagements in the year that helped our clients become superior digital businesses:

- For a large flow systems company in the US, Platformation™ has helped us create platforms that facilitate smooth engagement with affiliates, catering to thousands of users, providing seamless integration with vendors and partners, better warehouse management, along with go-to-market solutions that allow continuous monitoring of customer segments and revenues. All the elements of Platformation™ open, scalable, connected and intelligent are in action to deliver a superior platform-based eco system.
- Platformation™ helped us create a digital learning resource platform with the vision of transforming medical education. It is a one-of-its-kind solution in Indian medical history and the Sonata team is proud to be associated in creating this platform aligned to principles of Platformation™. This is a platform for instruction content creation, design and curation process management and included a repository and document management system for use by subject leaders, experts, and designers. Our Platformation™-compliant Learning Content Management Platform enables creation of the digital content and Workflows to enable curation of the content with role-based access controls and enterprise search.
- We also deployed the Microsoft Dynamics platform on the cloud for a large manufacturing company in the US. Platformation™ helped in achieving end-to-end digital transformation by looking at the platform holistically. Leveraging the complete technology stack including data analytics on the cloud.

The Learning Organization

Excellence in delivery, especially in a technology company, requires that the organization builds a learning culture, as well as clear growth and development options for its employees. Our Platformation™ focus has led to us redefining roles and responsibilities around the task of delivering Platformation™ compliant solutions to our customers. Design thinking was identified as one of the core skills, allowing employees to be more empathetic to client needs and applying tools and frameworks like persona-based requirement definitions and customer journey maps. Learning and development modules across all aspects of the business – for client partners, strategists, architects and designers, unified full stack engineers allow Sonatians to develop their skills, grow personally and professionally, and create a world class Platformation™ experience, both for themselves and for our customers.

In Conclusion

Platformation™ began as a concept. Over the past five years, it has become our differentiator. It is core to our offerings, and it has helped our clients build successful digital businesses. More than ever, we believe we are well positioned as a strategic digital partner of choice for our customers to help achieve their digital agenda and accelerate their transformation mandates.

The Sonata Footprint across the Globe



Sales Offices

North America

- Atlanta
- Chicago
- Fremont
- Colorado
- Dallas
- Redmond
- Bridgewater

UK

- London

Middle East & Africa

- Qatar
 - Dubai
- ### Europe
- Germany
 - The Netherlands
 - Denmark

APAC

- Sydney
- Melbourne
- Brisbane

Australia

Development Centers

North America

- Redmond

Ireland

Canada

- Vancouver

India

- Bengaluru (2)
- Hyderabad (1)

Offices

- Bengaluru
- Chennai
- Delhi
- Hyderabad
- Kolkata
- Pune
- Mumbai
- Mexico

Operational Highlights

We continue to execute well on our goal of being a strategic partner for our clients in building world class digital enterprises through our unique Platformation™ methodology. Developing world class competencies in digital services like platform engineering, cloud transformation, data analytics and Microsoft digital platform and aligning them to Platformation™ has helped us win and execute enterprise class digital engagements. In view of super high demand for digital talent we continue to execute on a comprehensive talent plan, comprising a range of initiatives on improving employee engagement and retention, creating capacity in advance, more focus on training and development, and expanding our delivery centres with near shore delivery centres for US and Europe. Our India business has continued to show robust growth with shift to cloud and digital infrastructure. With continued clear visibility and business opportunity, we will continue to invest for growth, in talent acquisition and transformation, IP creation, competency, capability development and sales & marketing.

Acquired San-Jose based Encore Software Services, Inc. Services, a company with expertise in cloud services, user experience, data insights, and real-time collaboration services to clients in the Healthcare, Supply-chain / Logistics, and ISV industries.

Covid has created a climate of uncertainty and unanticipated challenges. We took some important and timely measures ensuring safety and support to Sonatians and their family members. Hospital tie ups ensured we successfully vaccinated over 3500+ Sonatians and their families. Enhanced insurance coverage, partnering with Practo, a leading health care platform, to provide 24x7 Tele-consultation support and Emotional Wellness Programs in partnership with Roshni Trust were some of the other measures taken. Fortune India recognized Sonata Software as one of the top 100 value creators in India. The magazine notes the success of its platform focus and its Platformation™ methodology, which have served as key differentiators in a crowded market.

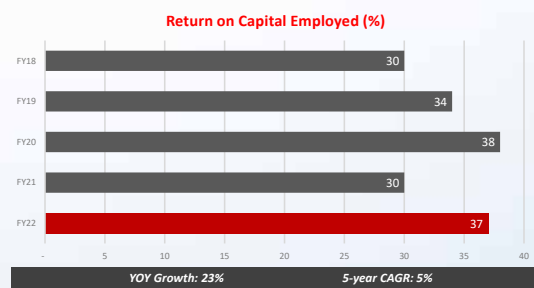
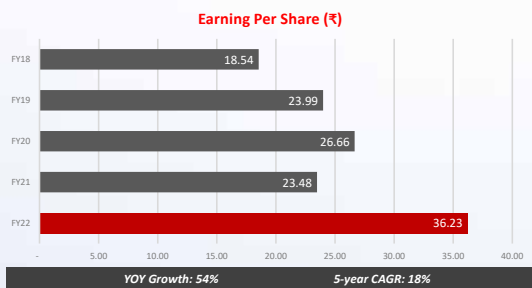
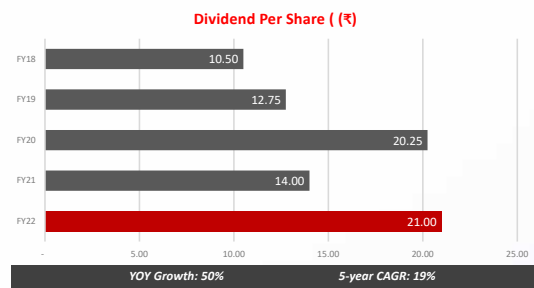
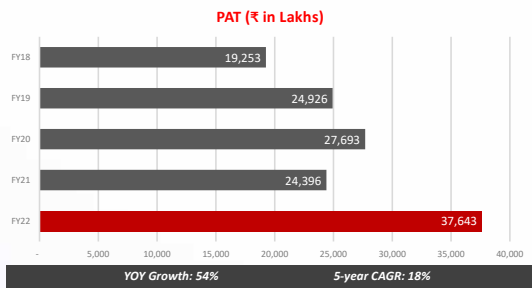
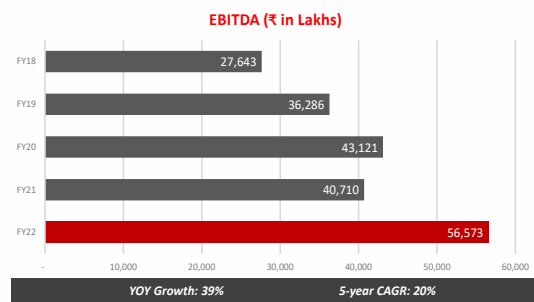
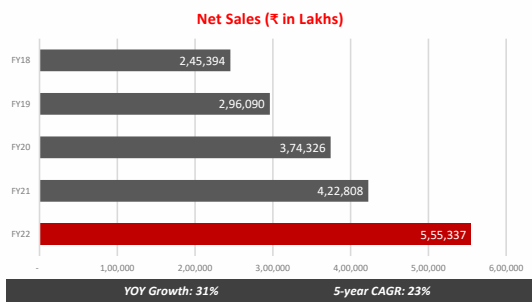
Sonata Software made it to the Microsoft Inner Circle, joining the elite group of strategic Microsoft Partners for its exemplary achievements in the Business Applications domain.

Prominent Analyst firms like IDC, Forrester and Everest have rated our Microsoft Dynamics 365 capabilities highly and placed us alongside some of our competitors, rating our performance and vision very highly.

Sonata Software Limited declared winner of the prestigious '**Golden Peacock Award for Excellence in Corporate Governance**' for 2021



Financial Highlights



Key Financials	FY22	FY21	FY20	FY19	FY18
Net Sales	5,55,337	4,22,808	3,74,326	2,96,090	2,45,394
EBITDA	56,573	40,710	43,121	36,286	27,643
PAT	37,643	24,396	27,693	24,926	19,253
Net Worth	1,09,920	90,547	66,967	76,286	65,326
Debt	3,800	8,973	8,600	1,562	3,373
Debtors	89,256	61,579	70,000	81,111	39,644
Cash	87,161	64,811	31,149	33,608	54,318
Per Share Ratio (₹)					
EPS	36.23	23.48	26.66	23.99	18.54
DPS	21.00	14.00	20.25	12.75	10.50
BVPS	104.53	86.07	63.66	73.06	62.12
Margin Ratio (%)					
EBITDA Margin	10	10	12	12	11
Net Profit Margin	7	6	7	8	8
RoE	38	31	39	35	31
RoCE	37	30	38	34	30

Sonata Software at a Glance

Sonata is a global technology company specializing in platform-based digital transformation, supporting businesses to become connected, open, intelligent and scalable. Sonata's Platformation™ methodology brings together industry expertise, platform technology excellence, design innovation and strategic engagement models to deliver sustained value to customers. A trusted partner of world leaders in the retail, manufacturing, distribution, travel, services and software industries, Sonata's software portfolio includes the Brick & Click Retail Platform®, Modern Distribution Platform®, Rezopia Digital Travel Platform®, Kartopia E-commerce Platform®, Halosys enterprise development automation Platform®, CTRM Commodity Trading and Risk Management Platform® and KODO - AI Powered Customer Experience (CX) Platform. Sonata's Platformation™ approach ensures services built on Microsoft Dynamics 365, Microsoft Azure, AWS, Cloud Engineering and Managed Services deliver on the Platformation™ promise. As world leaders in digital technologies including IoT, Artificial Intelligence, Machine Learning, Robotic Process Automation, Chatbots, Block Chain and Cyber Security, Sonata's people and systems are nurtured to deliver on our commitment to excellence in business technology solutions.

Vision

To become a world class firm that is a benchmark for catalyzing business transformation for our clients, fulfilling employee aspirations and caring for our wider community, through depth of thought leadership, customer centricity and execution excellence.

The Company	Industry Focus	Competencies	Credentials
<p>36 YEARS as an IT Solutions Provider</p>	<p>RETAIL Apparel, Hard Goods, Grocery, Hypermarket</p>	<p>DIGITAL Omni-channel, Mobility & IoT, Analytics, Cloud, RPA</p>	<p>CUSTOMERS Global Top 5 – Leisure Travel Co, Grocery Retailer, F&B CPG Co, Software Co</p>
<p>\$700+ M REVENUE 15% 3 Yr. CAGR</p>	<p>CPG & MFG Consumer Goods, Industrial Goods, Wholesale</p>	<p>APPLICATION LIFECYCLE SOLUTIONS ADM, Testing, IMS Managed Services</p>	<p>TECHNOLOGY Microsoft, SAP, Oracle, Open Source, IBM</p>
<p>5000+ TEAM across the US, EU, Asia & ANZ</p>	<p>TRAVEL TO, OTA, Airline, Rail, Hotel, Cruise</p>	<p>PLATFORM IP Brick & Click Retail, Rezopia for Travel, Modern Distribution, Kartopia eCommerce</p>	<p>AWARDS & ACCOLADES Golden Peacock Award Microsoft – US Eagle Award, Microsoft Country Partner of Year India</p>
<p>SEI CMMI L5, ITIL & ISO-Certified</p>	<p>SERVICES Energy & Utilities, Oil & Gas, Specialty Contractors & Professional Services</p>	<p>TECHNOLOGY INFRASTRUCTURE SOLUTIONS Cloud, Server & Storage, Systems Integration</p>	<p>FINANCIAL National Stock Exchange Listed Public Ltd Co</p>
	<p>AGRI & COMMODITY Agri manufacturers & commodity Traders</p>		
	<p>SOFTWARE VENDORS ERP, SCM, Retail, Travel</p>		

A Global IT Solutions Organization, with focused Industry Verticals, versatile Portfolio of Services covering wide range of Technologies and delivering value through our unique Platformation™ approach

SUSTAINABILITY @ SONATA

Sonata Software is committed towards sustainable growth of our organization with reduced impact on the environment, & towards equitable growth of employees, communities, associates, stakeholders, investors, customers while not only conserving natural resources and biodiversity but giving back to nature, society and people who are part of the community.

We are focused on identification & reporting on our material ESG issues. We have mapped our material ESG issues and working towards minimizing the effect of same. We have identified our material (ESG) issues through sectoral research, peer analysis and understanding business operations.



Environmental

- Rising Energy cost and raw material costs
- Increased severity and frequency of extreme weather events like cyclones and floods
- Increased environmental performance response from consumers & investors
- Increase in Carbon Emissions



Social

- Human Rights related risk such as POSH, Forced labor etc.
- Data Privacy
- Cybersecurity Issue
- Diversity & Inclusion Risk
- Community wellbeing
- Supplier Assessment in terms of ESG
- Health & Safety



Governance

- Reporting, Transparency, Business Ethics
- Corruption/Bribery

Key Strides made in Sustainability Journey



Added Renewable Energy in our Energy Mix with our Global Village, Bangalore office procuring 100% Green Energy. (Avoidance of average 937 Tco2E emissions).

To embed ESG culture in the organisation, we have an Online mandatory ESG Awareness course. It helps in developing a corporate culture that gives priority to integrity, ethical standards, and long-term sustainable value creation.



Through Engineering & Technological interventions such as LED Retrofication, Automated lighted Systems, Automatic Water taps, we are continually reducing our electricity and water consumption.



Adopting Circular Economy with purchase of 200 refurbished laptops – avoiding e waste, mining of rare earth metals, and increasing life cycle of laptops.



We have started capturing our Scope 3 GHG emissions across value chain – through engagement & awareness in our value chain.

Sustainable Procurement is a key factor in our policy and decision making- We have started assessment of our suppliers based on Sustainability parameters.



We believe and acknowledge that every organization has varied Sustainability journey and require industry support- Hence, we have also started capacity building of our suppliers on Sustainability.



We released companywide policies on EHS & Sustainability-providing company's directives and statement on EHS & Sustainability.



We constantly promote wellbeing of our employees by providing ideal working condition as well as support their physical and mental wellbeing. More on COVID support in following pages.



For us, Business Ethics & Fair business is of utmost importance, and we are committed to abide by government regulations and code of conduct for business imbining good governance.

Cybersecurity & Data Privacy is key to our business, and we have stringent measures and policies to track the same.

We are developing, monitoring, and tracking ESG indicators through data management portal of Treeni.Inc., known as ReSustain platform.

Our Board tracks ESG risks in the Risk Management Committee & actions are taken down and put to execution.

Corporate Social Responsibility

Sonata Software believes in serving the community we live in. We are engaged in several community projects in education, livelihood support, animal welfare and conservation.



Key Initiatives under CSR:

Advanced Learning Centre for deaf-blind students and adults and capacity building with Sense India

Sonata has helped fund the 'From Isolation to Inclusion' project in and around Bangalore.

Impact

- o Reached out to **141** children and adults with deaf blindness/ Multiple Disability
- o **6 adults** with deaf blindness have initiated Income Generation Activity (IGA).
- o **10 young adults** with deaf blindness and **08 parents** have received benefits out of vocational training program
- o State level training on deaf blindness to **188 Asha workers**
- o **Trained 156** medical and Para-medical professionals
- o Capacity building programme on deaf blindness for **319** parents, **292** Angadwadi workers and **293** Govt. Officials

Total lives touched till now - 2000+

(Includes Persons with deaf blindness/Multiple Disabilities. their parents/ family members, officials from various Govt. Departments)



Hands-on Science Education in Rural Schools with Agastya Foundation

Total No. of sessions conducted
19400
sessions conducted with the app

Total No. of Lives Touched till now
9500 (Agastya students) +3000
(downloads outside Agastya)



Vocational & Livelihood support for women in slums of Hyderabad with KRITI



Total no. of women impacted
250



Total no. of families impacted
50



Average annual income generated
Rs. 45,00,000



Each tailoring center can provide potential savings of more than
Rs 3 lakhs
per annum for the next 10-15 years.



Animal care with association with Compassion Unlimited Plus Action (CUPA)

Rescued and rehomed over a
1000 dogs

Rabies control & vaccination program for street dogs –
2400 dogs



Reforestation project with Grow Trees

Planted over
42,000+
trees across several Indian states

844,700 kgs of CO2

offset per tree per year upon maturity. We take a conservative global average of 20kg per tree per year upon maturity.



Promoting Leadership skills in rural communities with Friends of Moral Re-Armament

- o The 20 members team have been exposed to perspectives of public health, education, agriculture, and urban issues during this PAN INDIA travel.
- o During this period, their big pieces are going to be around understanding religions, the North-East, environment, peacebuilding and conflict transformation, corporate practices, management skills and public policy.

More details on our CSR projects :
(Include page no. mentioning the csr project list in AR)

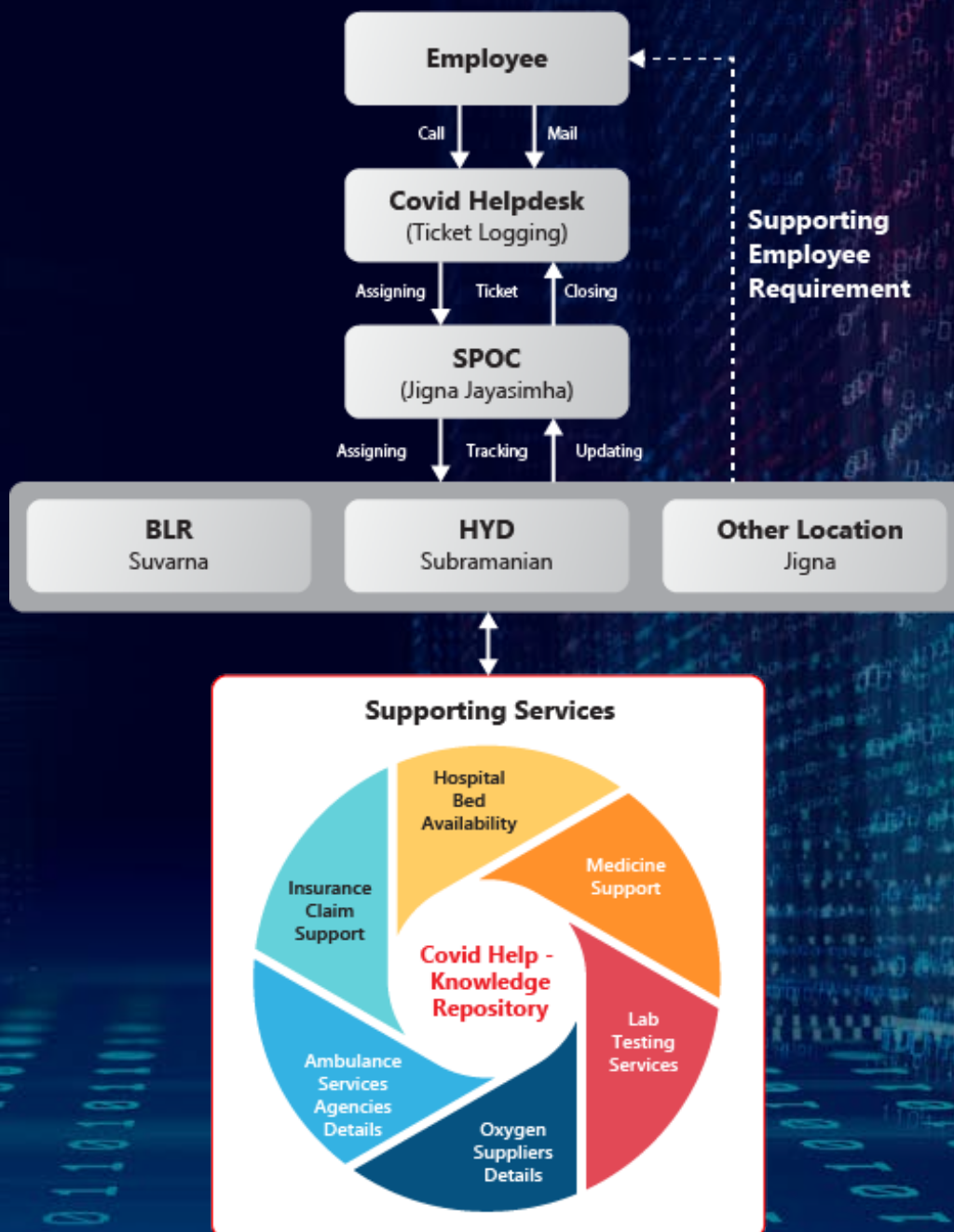


Sonata Software COVID 19 Response and support – All hands-on deck!

COVID 24*7 HELPDESK

Quick resolution through Sonata Covid 19 Helpline 8884048483 and dedicated Mail ID: covidsupport@sonata-software.com

Below is our COVID response process:






More than 200 families were benefitted with this assistance.

1. **Reducing financial burden of COVID affected families by providing additional COVID and Life Insurance for Home care, Hospitalisation & Life**
2. **Emotional Wellness Program:** We tied up with our partner Roshni Trust to deliver webinars on Emotional Wellness to support employees and families to support community during difficult times of COVID lockdown.
3. We purchased **10 Oxygen concentrator** and provided to employees & community as and when required. It helped families in dire need of oxygen for Covid patients.
4. **Provided Oximeters to employees and community in need**
5. **Tied up with Manipal & Apollo hospitals at Bangalore and Hyderabad** for our employees in case of admission.
6. **Vaccination drive: Over 2700 employees & Families** were vaccinated during COVID 19 Vaccination drive organised by Sonata Software at our offices. Below are a few glimpses of same



Sonata tied up with Practo a leading health care platform to provide 24x7 Teleconsultation support:

Sonata brings to you a host of health care services through Teleconsultation support - 24x7

Worried about going to the hospital for a doctor consultation?

Access for Practo

Doctors	Instant online video/audio/chat consultation with General Physician and Covid Care support.
Pharmacy	Medicine Delivery at home with flat 20% discount applicable on every order (pay per use).
Diagnostics	Book Lab Tests and Health Check-ups (Home sample collection) with flat 20% discount applicable on each booking (pay per use).
Diagnostics	Consultation with 23 types of Medical Specialists are also available on chargeable basis.

Sonata has tied up with Practo a leading health care platform to provide Sonata Care - Health Plan. Till now over 1300 people have registered and taken help of this facility.

Corporate Information

BOARD OF DIRECTORS

Pradip P Shah
Chairman

S B Ghia
Director

Viren Raheja
Director

P Srikar Reddy
Managing Director

Samir Dhir
Whole-Time Director & CEO

Radhika Rajan
Director

Sanjay K Asher
Director

KEY MANAGERIAL PERSONNEL

Jagannathan C N
Chief Financial Officer

Mangal Kulkarni
Company Secretary, Compliance Officer and
Head-Legal

COMMITTEES OF THE BOARD

Audit Committee

Pradip P Shah, Chairman
S B Ghia
Radhika Rajan
Sanjay K Asher

Stakeholders Relationship Committee

S B Ghia, Chairman
P Srikar Reddy
Radhika Rajan

Nomination & Remuneration Committee

Sanjay K Asher, Chairman
Viren Raheja
Pradip P Shah

Corporate Social Responsibility Committee

Radhika Rajan, Chairperson
P Srikar Reddy
S B Ghia

Risk Management Committee

Pradip P Shah, Chairman
Viren Raheja
P Srikar Reddy

SOLICITORS

M/s Dua & Associates
M/s K & S Partners
M/s B C Prabhakar Associates
M/s Chugh LLP
M/s Eshwars | House of Corporate & IPR Laws
M/s Magnah Law Partners
M/s Desai & Diwanji

AUDITORS

Deloitte Haskins & Sells LLP

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HDFC Bank
AXIS Bank
Citibank NA
BNP Paribas Bank
Standard Chartered Bank
HSBC Bank

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Statutory Reports & Financial Statements



BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting before you the Twenty-Seventh (27th) Annual Report of your Company together with the Audited Standalone and Consolidated Financial Statements for the Financial Year ended 31st March, 2022.

FINANCIAL RESULTS

(₹ in Lakhs)

Description	Standalone		Consolidated	
	Financial Year ended 31.03.2022	Financial Year ended 31.03.2021	Financial Year ended 31.03.2022	Financial Year ended 31.03.2021
Total Income	92,238	82,621	565,535	425,583
Total Expenditure	61,582	54,730	508,962	384,873
EBITDA	30,656	27,891	56,573	40,710
Depreciation and Amortization Expense	1,755	1,890	4,732	3,957
Finance Cost	878	972	1,805	1,539
Profit before Tax & Exceptional Items	28,023	25,029	50,036	35,214
Provision for Tax (Net)	4,504	7,126	12,393	10,818
PAT before non-controlling interest	23,519	17,903	37,643	24,396
Non-controlling interest	-	-	-	-
PAT after non-controlling interest	-	-	37,643	24,396
Basic Earnings Per Share (in ₹)	22.63	17.23	36.23	23.48

COVID-19

Your Company has emerged stronger from the pandemic across several fronts. Company believes, going forward, continued focus on Platformation™ and aligning all the strategies and actions around it, will continue to sustain our unique leadership position in helping customers accelerate their enterprise digital transformation through Platformation™. Company is well positioned as a strategic partner of choice for the customers to help accelerate their digital agenda and transformation mandates.

Sonata's people and systems are nurtured to bring together the depth of thought leadership, customer commitment and execution excellence to make a difference to business with technology.

During COVID 19 Pandemic, Company propelled efforts towards those in need. Some of our COVID 19 Volunteering activities & initiatives are mentioned below:

- Employee driven Task force created in the company to review COVID assistance and support required. Core Team consisting of employees engaged in this drive & more than 200 families were benefitted with the assistance provided.
- Medical support such as Hospital bed availability, Medicine services, lab services, oxygen supplies, ambulances services, Covid help repository and Medical insurance support were provided to families in need by our Covid Task Force Team during COVID 19 Pandemic.
- 10 Oxygen concentrators were purchased by the Company and provided to employees as and when required.
- An Increase in Insurance coverage for employees providing them relief during increased medical cost during pandemic, along with a special provision of COVID Coverage to cover COVID 19 Medical costs
- Tie up with Manipal & Apollo hospitals at Bangalore and Hyderabad for our employees in case of admission, if any.
- Internal Helpline center & support number established to cater to immediate needs of COVID 19 patients. Employees were involved in setting up the support helplines & catered to all the Covid related services

- To provide at home medical consultation, our team provided at home consultation to employees & families with tie up with Practo for medical consultation, Pharmacy & medical diagnosis.
- COVID 19 Vaccination drive for employees & families at Sonata Software was provided. We tied up with Manipal and Apollo hospitals for vaccinations.

BUSINESS PERFORMANCE

Your Company is primarily engaged in the business of delivering IT services and software solutions to its customers across the globe including the US, Europe, Middle-East, Asia - Pacific, Australia and New Zealand. Besides, the Company also distributes and re-sells products from global technology companies present in India. The Company's consolidated results comprises operations of Indian and overseas subsidiaries and operates under two distinct heads International IT Services (IITS) and Domestic Products and Services (DPS).

The financial year 2021-22 was a year of growth and innovation., your Company witnessed total income growth of 12% and profit margin growth of 25% during the year.

Platformation™ continuous to remain key differentiator for the Company., your Company is witnessing strong demand environment across its focus verticals of Retail, Travel, Distribution and ISVs. According to recent McKinsey-led study for NASSCOM, most of the industry's outperformers in the decade ahead will be those who leverage new sources of differentiation, such as IP-led platforms to pivot to cloud and Artificial Intelligence. Sonata's C-level relationships, boundless stake holder management, both with customers and with Microsoft, strong credibility through clarity of thought and vision, solution and approach, leveraging Sonata's proprietary tools to ensure faster time to market and cost savings and agile delivery all of these have helped your company in acquiring new customers as well as in becoming strategic to existing ones.





During the year, your Company added 1500+ people to its offshore centers, highest ever done at Sonata. Around 15% of these new recruits came from employee referrals which was in the midst of a tough hiring scenario and gaping demand – supply in the market, this is a tremendous achievement for the company. Sonata have now started hiring for cross training requirements. Your Company's endeavor is to expand hiring from Tier 2 cities in India and to have development centers in other parts of the world. Your Company will continue to remain committed to training, upskilling and equipping its people to meet customer expectations and become strategic to them.

Your Company continued its investments in IP, technology, people and process. Our Encore acquisition has further strengthened Company's geographical presence in the US and it adds significant capability to enhance Sonata's Platformation™ led digital transformation strategy, by strengthening Microsoft led Cloud transformation services and digital test automation services and has opened up opportunity to enter into new verticals like health care and logistics, apart from reinforcing ISV business and Microsoft led cloud. The company is very well placed to capitalize opportunities and grow in the 2022 and beyond.

Here are some of the key achievements of the year summarized:

- Acquired San-Jose based Encore Software Services, a company with expertise in User experience, Data Insights, and real time collaboration services to clients in the Healthcare, Supply-chain / Logistics and ISV industries..
- Won the Golden Peacock Award for Excellence in Corporate Governance for the year 2021.
- Fortune magazine recognized Sonata as one of India's 100 top wealth creators for two years in a row.
- Sonata's unique trademark 'Platformation™' strategy for Digital Transformation completed 5 years in March 2022.
- IDC named Sonata Software as a "Major Player" in the IDC MarketScape: Asia/Pacific Microsoft Dynamics 365 Implementation Services 2021 Vendor Assessment (November 2021).
- In its PEAK Matrix® assessment, Everest Group classified Sonata Software as a "Major Contender", alongside other leading companies.

Your Company further strengthened its Senior Leadership with rich talent. Few of them to mention here are –

Mr. Samir Dhir, Whole-Time Director and CEO of Sonata Software Limited (joined on 8th April, 2022)

- Mr Ankush Patel Sr. VP sales in the US
- Mr. Kartik Visweswaran, Sr. VP & Chief Digital Officer
- Mr. Ravindra Chandrashekara, Vice President - Growth Initiatives
- Mr. Shravan Dantu, Vice President – Services Asia
- Mr. Pravin Kumar Mishra, Lead Enterprise Architect – Azure Cloud
- Mr. K V Suryaprakash, Senior VP and Chief Capability Officer
- Mr. Abhijit Bhaumik, Associate VP based in London - Europe business

Your Company also announced compensation revision effective 1st January, 2022 in FY 2022.

In terms of results, both on a Standalone and Consolidated basis, your Company has witnessed strong growth and well-positioned itself to handle its expanding scale of operation.

A detailed analysis of Company's operations in terms of performance in markets, manufacturing activities, business outlook, risks and concerns forms part of the Management Discussion and Analysis, a separate section of this Annual Report.

When the pandemic first broke out two years ago, it hurled many organizations into the future, rapidly increasing digital transformation. Work culture changed overnight as remote work became new norm and market demands evolved. Organizations across the globe started revisiting their strategies to remain resilience and to accelerate their digital transformation initiatives. As the fiscal year 2021-22 began, things started coming back to normalcy, while demand for emerging technologies and digitalization accelerated, we also started facing supply challenges, organizations were forced to reorient and reskill their workforces in order to maximize remote work capabilities and fully utilize advanced technologies. As we enter new fiscal year 2022-23, most of these concerns are still forefront for most of the organizations, with one exception that now we have an opportunity to address these challenges more consciously and purposefully. Instead of managing an immediate crisis, we can create strong fundamentals for future innovation and growth. With our Platformation™ led strategy, alliances, acquisitions and investment, Sonata is on right path with solid foundations for future growth and new digital age.

STANDALONE FINANCIALS

Total Income has shown a growth of 12%. The Earnings before Interest, taxes, Depreciation and Amortization (EBITDA) stood at 33% of total income and Net Profit at 25% of total income with Earnings per share at ₹ 22.63.

CONSOLIDATED FINANCIALS

Total income has shown a growth of 33%. The Earnings before Interest, taxes, Depreciation and Amortization (EBITDA) stood at 10% of total income and Net Profit at 7% of total income with Earnings per share at ₹ 36.23.

Analyzing your Company's consolidated results by the two segments it operates in, International IT services contributed 27% of total revenues and 73% of PAT while Domestic products and services contributed to 73% of the total revenues and 27% of PAT.

International IT Services total revenue is ₹ 149,380 lakhs, growth of 26% YOY and \$ 203 million in US \$ terms with a growth of 27 % in revenues. Your Company has managed to declare good results consistently because of its focus on serving and growing its existing customers, new customer additions of 44 throughout the Financial Year, and maintaining resource utilization at 90% over the Financial Year under review.

Domestic products and services has showed growth of 69% in PAT. The focus in this business has always been to manage Return on Capital Employed (ROCE), which was approximately 37% for the year under review.

Your Company during the Financial Year under review had a stronger consolidated Balance Sheet and has approximately ₹ 87,161 Lakhs of cash and cash equivalents, showing Return on Capital employed (ROCE) of its 37% and Earnings per share at ₹ 36.23 per share.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time, ("Listing Regulations") is disclosed separately in this Annual Report.

DIVIDEND / TRANSFER TO RESERVES

Considering the better liquidity position of the Company, your

Directors are pleased to recommend a final dividend of ₹ 13/- per equity share at 1300% on par value of ₹ 1/- each, subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM").

Further, interim dividend of ₹ 8.00/- per equity share, which was declared by the Board of Directors on 19th October, 2021 and has been duly paid. Thus, the total dividend adds upto ₹ 21/- per equity share (2100 % on face value of ₹1/- each) for financial year 2021-22. If approved by the Members, the final dividend will be paid to all those equity shareholders whose names appear on the Register of Members of the Company on June, 16, 2022, and to those whose names appear as beneficial owners in the records of the National Security Depository Limited and Central Depository Services (India) Limited on the said date.

Your Company has not transferred any amounts to reserve for the Financial Year ended 31st March, 2022.

There is no change in the paid up share capital of your Company during FY 2021-22 as compared to its previous FY 2020-21 and it is ₹ 105,159,306 divided into 105,159,306 equity shares of ₹ 1/- each. Your Company has not come out with any issue (public, Bonus, rights or preferential) during the Financial Year under review.

BOARD MEETINGS

During the year under review, the Board of Directors met four times. The meetings were held on 12th May, 2021, 4th August, 2021, 19th October, 2021 and 17th January, 2022. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

DIRECTORS

Mr. S B Ghia (DIN: 00005264) Director, retires by rotation and being eligible, offers himself for re-appointment at the ensuing AGM. Brief profile of Mr. S B Ghia is provided in the explanatory statement to the Notice of the ensuing 27th AGM. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, has recommended his re-appointment.

The Nomination and Remuneration Committee and the Board of Directors at their meeting(s) held on April 29, 2022, have approved and recommended the re-appointment of Mr. S B Ghia and his continuation as Non-executive, Non-Independent Director after attaining the age of 75 years. Accordingly, a proposal for re-appointment of Mr. S B Ghia and his continuation as Non-Executive, Non-Independent Director after attaining age of 75 years is placed for the approval of the Members by way of a Special Resolution at the ensuing Annual General Meeting.

As part of the Board's succession plan, upon the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting(s) held on April 29, 2022, approved the appointment of Mr. Samir Dhir (DIN: 03021413), earlier appointed as Chief Executive Officer of the Company effective 8th April 2022, as an Additional Director and as 'Whole-Time Director and Chief Executive Officer' of the Company for a term of 4 years with effect from 9th May, 2022 to 8th May, 2026, subject to approval of the Shareholders and approval of the Central Government and all other applicable regulatory approvals. Necessary resolutions for his appointment are being placed for the approval of Members as part of the notice of the ensuing Annual General Meeting of the Company.

As part of the Board's succession plan, Mr. P Srikar Reddy has voluntarily stepped down as the 'Chief Executive Officer' of the Company effective close of business hours on 7th April, 2022 and continuing as Managing Director of the Company. There would be continuity with Mr. Srikar being elevated as Executive Vice Chairman once the CEO's transition (in next nine to twelve months) is complete. Mr. Srikar will continue to support the leadership team on important organizational initiatives.

INDEPENDENT DIRECTORS

Your Company has laid down procedures to be followed for familiarizing the Independent Directors with your Company, their roles, rights, responsibilities in your Company and to impart the required information and training to enable them to contribute significantly to your Company.

As required under Section 149(7) of the Act, all the Independent Directors on the Board of the Company have given declarations that they meet the criteria of independence as laid down in section 149(6) of the Act and Regulation 16(1)(b) and Regulation 25 of SEBI Listing Regulations. There has been no change in the circumstances affecting their status as Independent Directors of the Company. The Independent Directors have confirmed that they have complied with the Company's Code of Conduct. They have also further confirmed that they have registered their names in the Independent Directors' Databank.

In the opinion of the Board, they fulfill the conditions of independence as specified in the Act and the SEBI Listing Regulations and are independent of the management.

DIRECTOR'S RESPONSIBILITY STATEMENT

As stipulated under the provisions contained in Section 134(3)(c) read with 134(5) of the Companies Act, 2013, the Directors, based upon the information and explanations obtained by them as also documents made available to them and to the best of their knowledge and belief, hereby confirm that:

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the Annual Accounts on a going concern basis;
- the Directors, have laid down Internal Financial Controls to be followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

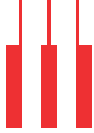
MATERIAL CHANGES AND COMMITMENTS

There has been no material change and commitment affecting financial position of your Company between the end of the Financial Year under review and date of this Report.

AUDIT COMMITTEE

Pursuant to the provisions of Section 177 of the Act and Regulation 18 of Listing Regulations, the Audit Committee of the Board as at 31st March 2022 comprises of Mr. Pradip P Shah, Chairman, Mr. S B Ghia, Ms. Radhika Rajan and Mr. Sanjay Asher as its Members. The Committee met four times during the year under review and recommendations made by the Audit Committee, during the Financial Year under review, have been accepted by the Board.





VIGIL MECHANISM

Your Company has established Vigil Mechanism which provides for direct access to the Chairman of the Audit Committee in cases that require reporting about the unethical behaviour, actual or suspected fraud or violation of code of conduct laid down by your Company. This mechanism is governed by Vigil Mechanism Policy which covers unethical behaviour, actual or suspected fraud, theft, bribery, misappropriation of Company's funds, financial reporting violations, misuse of intellectual property, mismanagement, significant environmental, safety or product quality issues, discrimination or harassment including sexual harassment, Insider Trading, actual or potential conflicts of interest, violation of Company's rules, Company's Policies or violation of Code of Conduct of the Company. There were no complaints received during the Financial year under review under this Policy.

NOMINATION AND REMUNERATION COMMITTEE & STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to the provisions of Section 178 of the Act and Regulation 19 of Listing Regulations, the Nomination and Remuneration Committee of the Board as at 31st March 2022 comprises of Mr. Sanjay Asher, Chairman, Mr. Viren Raheja, and Mr. Pradip P Shah as its members. The Committee has laid down a policy for remuneration of Directors, KMP and other Employees. A copy of the Policy forms part of this Report, and is available on the website of the Company www.sonata-software.com/about-us/investor-relations/corporate-governance.

Pursuant to the provisions of Section 178 of the Act and Regulation 20 of Listing Regulations, the Stakeholders Relationship Committee of the Board as at 31st March 2022 comprises of Mr. S B Ghia, Chairman, Mr. P Srikar Reddy and Ms. Radhika Rajan as its members.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee comprises of Ms. Radhika Rajan, Chairman, Mr. P Srikar Reddy and Mr. S B Ghia as its members. The Committee met three times during the year.

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure III** of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of Mr. Pradip P Shah, Chairman, Mr. Viren Raheja and Mr. P Srikar Reddy. The Committee met two times during the year.

DIVIDEND DISTRIBUTION POLICY

As required under Listing Regulations, your Company has established Dividend Distribution Policy with effect from 3rd February, 2017. The Dividend Distribution Policy is available on the website of the Company <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

SUBSIDIARY COMPANIES

The Consolidated Financial Statements of your Company and its Subsidiaries viz., Sonata Information Technology Limited, India, Sonata Software Solutions Limited, India, Encore I.T. Services Solutions Private Limited, India, Sonata Software North America Inc., USA (formerly known as Offshore Digital Services Inc.), Sonata Software Intercontinental Limited, Ireland, Sonata Software GmbH, Germany, Sonata Europe Limited, UK, Sonata Software FZ LLC, Dubai, Sonata Software (Qatar) LLC, Qatar, Interactive Business Information Systems Inc., USA, Sonata Australia Pty Ltd. (formerly known as Scalable Data Systems Pty Ltd.), Australia, Sopris Systems LLC., USA, Encore Software Services Inc. (Formerly known as Cyber Professionals Inc.) USA, Sonata Software Canada Limited, Canada,

GAPbuster Limited., UK, GAPbuster Europe Limited, UK, GAPbuster Inc., USA, GAPbuster Worldwide Pty Limited, Australia, Kabushiki Kaisha GAPbuster Japan, Japan, GAPbuster China Co. Limited, China and GAPbuster Worldwide Malaysia Sdn Bhd, Malaysia duly audited/unaudited are presented as part of this Report in accordance with the Companies Act, 2013, Ind AS 110 and the Listing Regulations, wherever applicable. The statement pursuant to the section 129(3) of the Companies Act, 2013, containing salient features of the Financial Statements of the Company's Subsidiaries in Form AOC-1 is given in **ANNEXURE I**.

The Financial Statements of the Subsidiaries are available on your Company's website at www.sonata-software.com/about-us/investor-relations or <https://www.sonata-software.com/about-us/investor-relations>

During the Financial Year under review your Company incorporated a wholly-owned subsidiary in Ireland named Sonata Software Intercontinental Limited and a step-down subsidiary in Canada named Sonata Software Canada Limited. The Company acquired Encore I.T. Services Solutions Private Limited, an Indian Company and Encore Software Services Inc., a US registered Company through Sonata Software North America Inc., a wholly-owned Subsidiary of the Company. The Company also changed the name of one of its wholly-owned Subsidiary from Scalable Data Systems Pty Ltd. to Sonata Australia Pty Ltd.

Your Company has a "Policy for determining Material Subsidiaries", so that your Company could identify such Subsidiaries and set out a governance framework for them. The Policy is put up on the website at www.sonata-software.com/about-us/investor-relations/corporate-governance.

EMPLOYEE STOCK OPTION PLAN "ESOP"

Your Company has an Employee Stock Option Plan, 2013 (Plan) in accordance with the SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021. The principal objectives of this Plan are to:

- Attract, retain and motivate talented and critical Employees;
- Encourage Employees to align individual performance with the Group's objectives;
- Reward Employee performance with ownership in proportion to their contribution; and
- Align Employee interest with those of the Group.

Mr. Ashish Pant, Vice President who was granted Options to purchase equivalent shares under the Plan, during the Financial Year under review, had exercised 12,000 Options of your Company at an Exercise Price of ₹ 354.50 per share, which were vested on him as on 30th May, 2021. Further, no employee was issued stock options during the financial year equal to or exceeding 1% of the issued capital of the Company at the time of grant.

Pursuant to the requirements of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, a certificate has been issued by the Secretarial Auditor of the Company confirming that the Plan has been implemented in accordance with the said Regulations and in accordance with the resolution of the Company in the General Meeting.

As required under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, the applicable disclosures as on 31st March, 2022 are uploaded on the website of the Company www.sonata-software.com.

SECRETARIAL AUDIT

The Board had appointed Mr. Parameshwar G Hegde, Practicing Company Secretary as the Secretarial Auditor for the Financial Year 2021-22. The Secretarial Audit Report for the Financial Year ended 31st March, 2022 is annexed to this Report as **ANNEXURE II**. The

report does not contain any qualification, reservation or adverse remark.

MAINTENANCE OF COST RECORDS AND APPOINTMENT OF COST AUDITOR

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

QUALIFICATIONS IN AUDIT REPORTS

Your Company confirms that there are no qualifications in the Statutory Auditor's Report and the Secretarial Audit Report for the year under review.

STATUTORY AUDITORS

M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Bangalore, (Firm Registration No. 117366W/W-100018) were appointed as Statutory Auditors of the Company from the conclusion of Twenty Second (22nd) Annual General Meeting (AGM) till conclusion of Twenty Seventh (27th) AGM subject to ratification of their appointment at every Annual General Meeting by the members. However the members may note that pursuant to the Companies (Amendment) Act, 2017 notified on May 7, 2018, the requirement of ratification of the appointment of the Statutory Auditors in every Annual General Meeting has been omitted, and therefore the Company is not required to seek ratification.

The Auditors' Report contains 'Unmodified Opinion' on the financial statements (standalone and consolidated) of the Company, for the year ended March 31, 2022 and there are no qualifications in their report.

M/s Deloitte, Haskins and Sells LLP, Chartered Accountants, current Statutory Auditors term will complete from the conclusion of Twenty Seventh (27th) AGM. Pursuant to Section 139(2) and other applicable provisions of the Companies Act, 2013 and upon recommendation of the Audit Committee, the Board of Directors of the Company at their meeting held on January 17, 2022, subject to the approval of the Shareholders at the ensuing AGM, recommended appointment of M/s B S R & Co. LLP, Chartered Accountants, Bengaluru, (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company to hold office from the conclusion of Twenty Seventh (27th) AGM till conclusion of Thirty Second (32nd) AGM.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the Audit Committee, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.

SECRETARIAL STANDARDS

During the year, your Company has complied with all the applicable provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India.

ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the annual return as at March 31, 2022 on its website at <http://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

During the year under review, the Company has transferred the unclaimed and un-encashed dividends of ₹ 35,29,199. Further, 46,803 corresponding shares on which dividends were unclaimed for seven consecutive years were transferred as per the requirements of the IEPF Rules. The details of the resultant benefits arising out of shares already transferred to the IEPF, year-wise amounts of unclaimed / un-encashed dividends lying in the unpaid

dividend account up to the year, and the corresponding shares, which are liable to be transferred, are provided in the Shareholder information section of the Corporate Governance report and are also available on our website, at www.sonata-software.com/about-us/investor-relations/corporate-governance.

AWARDS AND RECOGNITION

During the year under review, your Company was felicitated with

- Winner of the prestigious 'Golden Peacock Award for Excellence in Corporate Governance' for 2021 in a national category under IT Sector by the Institute of Director (IOD).
- Fortune India recognized Sonata Software as one of the top 100 value creators in India.
- IDC named Sonata Software as a "Major Player" in the IDC MarketScape: Asia/Pacific Microsoft Dynamics 365 Implementation Services 2021 Vendor Assessment (November 2021).
- In its PEAK Matrix® assessment, Everest Group classified Sonata Software as a "Major Contender", alongside other leading companies.
- Forrester, the global research and advisory firm, in its study report, commented on Sonata's strong performance in the Microsoft Dynamics 365 space for several years now – all the way back to 2017, where it noted the company's high quality service vision, its strong partnership with Microsoft and its performance.
- Named Advanced Specialization partner for Modern Web Apps. Our Cloud Adoption Framework has been ratified by MS.

QUALITY

Your Company continues to focus on delivering World Class Customer Experience through Digital Delivery Practices and Tools in remote working as well as hybrid model in a seamless way. Your Company is enabling Digital Transformation of client's business processes through Platformation™ approach and this is actively promoted as main stream within the company and acknowledged and appreciated by many of the clients and also by Industry Analysts. This is supported and driven by creating World Class competencies and talent through engaged Sonatians.

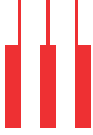
Your Company launched and successfully completed Customer Experience (CX) Measurement Program based on Net Promoter Score(NPS) survey using Sonata GBW's KODO CX Platform for evaluating the perception on how your company is viewed as a Digital Partner among the clients and what parameters are critically influencing the NPS and where the company stands on those parameters. Based on the insights gained from this program, your Company is improving customer experience and delight.

Your Company continues to enhance employee experience of Sonatians through the implementation of SonataOne Platform, the Platformation™ initiative for increasing the effectiveness of Sonata's internal business processes. Your Company continues to increase the focus on meaningful automation and adoption of world class practices for world class delivery.

During the year under review, your Company successfully completed recertification audit for overall quality management system ensuring continued alignment to ISO 9001 Standard, and the annual surveillance audit for Information Security Management System as per ISO 27001 Standard.

In terms of customer satisfaction, your Company achieved an overall aggregated score of 4.2 out of a possible top score of 5 this year, from key delivery project customers and 36% of customers were strong promoters of Sonata Brand and certainly willing to recommend your Company to their friends or colleagues.





CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

(A) Conservation of energy

Though your Company does not have energy intensive operations being in the services sector, the Company has always been on the lookout for energy efficient measures for operation, and value conservation of energy through utilization of newer technologies & innovation for improving productivity and quality of products and services. Every endeavour has been made to ensure the optimal usage of energy, avoid wastage and conserve energy. As an ongoing process the Company continued to undertake the following energy conservation measures to minimize the usage of energy:

- Deployment of energy-efficient computers and sophisticated office automation and management equipment with the latest technologies, which optimizes conservation of energy and create an environmentally friendly work environment.
- Installing LED lights which reduces electricity consumption.
- Installation of sensors at work space area resulting in lights automatically getting switched off in areas not in use.
- Continuous monitoring of floor areas after normal working hours and switching off lights.
- Turning off air conditioners during non-peak hours and on weekends.
- Installing of Energy Meters for closed monitoring of AHU run hours on daily basis.
- Regular UPS and AC plant maintenance to ensure efficient working of the equipment.
- Air conditioning in HO replaced with energy savings VRV/VRF units and the gas used is eco-friendly which is harm less to Ozone layer in atmosphere.
- Comply 100 % removal of dead loads during week-ends. (Turn Off/Plug out heating elements of vending machines, Turn off Lighting circuits, Ensure all manual operating loads are cut off.

During the year under review, some of the steps taken and practices followed by your Company and its employees, towards energy conservation include the following:

- Replacing the CFL based lighting in our Bengaluru Global Village facility to LED based lighting in phases which has given immense savings in Electricity consumption. Units Saved is around 13900 units/month and in Rs 1.18lacs/month
- Air-conditioning staggered mode of operation resulting in reduction in fuel consumption.
- Replacing old monitors with energy efficient Lap-top which leads to significant reduction in energy consumption.
- Migration of in-house computing infrastructure to cloud lead to significant energy and cost savings.
- Regular UPS and AC plant maintenance to ensure efficient working of the equipment.
- All air-conditioning units which is operated on R22 gas is replaced with eco-friendly gas operated A/c units. Gas used is eco-friendly which is harm less to Ozone layer in atmosphere, whereas earlier A/c units used is R-22 which is not recommended as it is harmful to atmosphere.
- Comply 100 % removal of dead loads during week-ends.

(Turn Off/Plug out Heating elements of vending machines, Turn off Lighting circuits, Ensure all manual operating loads are cut off etc)

- Water which is a scarce commodity all over, we have implemented new technology based systems for washroom water management named HUIDA where we will be using only 1 to 1.5 Liters for flushing as water against normal Commode flush of 10-15 liters per flush.
- Water aerators to the taps have been installed at all the facility which save water (Claim is around 80%) without compromising water pressure (inspection done by management personally and observed that it is saving water).

As the cost of energy consumed by your Company forms a very small portion of the total costs, the financial impact of these measures is not material.

(B) Technology absorption

During the Financial Year under review, your Company focused its efforts and built competencies in areas of new technologies like IOT, Chatbots, Machine learning & strengthened other competencies like in CX enhancement, multi cloud, modern data platform infrastructure, ecommerce, cloud security. Your Company has progressed well with its proprietary model of achieving digital transformation called Platformation. Your Company continued to invest in differentiated IP and platforms across industry verticals of Retail, Distribution, Service industry and software solutions.

(C) Foreign exchange earnings and Outgo

During the Financial Year under review, 85% of the revenue came from exports of developed software and related services to clients in USA, UK, Australia, Germany, UAE, Japan, Singapore, Denmark and Europe.

Foreign Exchange outgo on account of travelling, professional and legal charges, subsistence/living costs, overseas salaries, capital goods, etc. was ₹ 5,755 Lakhs and Foreign Exchange inflow on account of export of software services (net), goods and other operating revenues was ₹ 64,414 Lakhs.

Customers today seek more efficient and effective operations along with technology based innovation and business transformation before they make any technology investments. Your Company has been successful in growing the size of existing teams, as well as branch into newer divisions within these customers.

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public under Chapter V of the Companies Act, 2013 during the year under review.

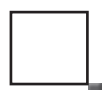
HUMAN RESOURCES MANAGEMENT

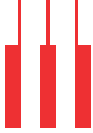
Sonata was part of the following activities during 2021-22:

• Learning and development:

- At Sonata, we are working towards nurturing an environment of life-long learning focused on career and individual growth – transforming the Learning function to Unified Learning and Development.
- **FLEX (Focused Learning Experiences)**, a Leadership Development Journey for the new normal was launched for aspiring and current leaders. The sessions are aligned to the current business needs of leadership and digital roles of Digital DM/PM and Architect, enabling leaders to deliver World Class Client and Sonatian Experience in line with the Growth Agenda.

- **Unified Digital Architect** program was launched aiming to train 25 Digital Architects by June 2021 for deployment. This would support our Platformation agenda.
- **NASSCOM Future Skills B2C** group was launched for all Sonatians in India. A platform access that would contribute to building a learning culture by providing access to industry level curated knowledge content from SMEs in latest areas of Digital, Leadership and Professional skills.
- The entire organization had to quickly move to a WFH model and being able to communicate effectively in the virtual environment became highly important. We believe that effective communication helps create a World class customer and Sonatian experience. We had over 300 enthusiastic participants in the Webinar conducted to make this transition seamless- **"Communicate effectively in Virtual environment."**
- As the world rapidly moved towards digital transformation, it was imperative to bring ourselves up to speed and up-skill. We launched the Unified Engineer Development plan to support our Platformation™ agenda.
- **Employee Connect**
 - Connect programs and virtual employee engagement activities provided the much-needed motivation and good vibes in the situation that unfolded in the first quarter. In the new remote working scenario, enthusiastic and positive communication was paramount. We have had an array of virtual 'Fun at work' games and activities conducted for teams across geographical locations. The teams and families caught on and had fun at virtual dance and yoga sessions.
 - The Leaders' Ideation Forum (LIF) is a digitally hosted platform connecting leaders of Sonata across our various locations. The forum is one of our many initiatives to enhance communication, ideate on solutions, solve problems, and make consensus-based decisions aligning to our ethos of one culture, one team and one mission. Virtual LIFs were hosted which included Sonatians from various locations in India. The theme for the session was "Ideas, best practices for ensuring World Class delivery while remote working."
 - **Competency Town Hall:** Various Town Halls were organized for different competency groups where leadership shared updates focusing on business perspectives in the current context and the opportunities ahead. The Town Hall communicates to the team on critical aspects of business and ensures alignment to common purpose and goals of the organization. Your MD ensured he stayed connected with the entire organization by hosting quarterly company-wide townhalls to address Sonatians to all matters pertaining to the business and the way forward.
 - All Hands meeting is a key element of our communication and culture. Working remotely didn't stop us from enhancing the frequency or quality of our All Hands meetings. Virtual All-hands meeting was organized for our accounts. These sessions held more importance than ever, as it brought together teams working across different locations & shifts. These meetings gave an opportunity for Sonatians to receive important account level updates as well as raise clarifications with their immediate senior management.
 - **Virtual Independence day celebrations** were organized and we had an overwhelming response by the participants. There was singing, playing of musical instruments, dancing and showcasing of artwork by the employees and their children as a part of the talent show along with Independence day Trivia conducted for the participants.
 - To enable Sonatians to give the best-in-class experience to clients and to each other through communication, we launched BCI (Behavioral Competency Initiative) on LMS.
 - Our joint management connect with our acquired entities ensures we move quickly on the integration path. The first Sonata Scalable Joint Leadership Update meeting was conducted with over 60 participants, to bring the two teams closer and enhance connect. This helped to leverage better the strengths of Sonata and Scalable group members for business growth.
 - **Ask CEO** is a platform to share ideas, suggestions, feedback and strategy approaches giving Sonatians direct access to connect with MD. Employees can use the platform to share feedback/suggestions on Platformation™ as a mainstream, Creating World Class Experience and World Class Sonatian Experience.
 - The pandemic did not dissuade Sonata's Toastmasters from connecting with one another and improving their leadership skills virtually. Each week the club convened to speak on themes such as Welcome to my Cubicle / WFH, Enjoy little things in Life, One Truth / One Lie, Engineers in Us etc.
 - Let's Connect meetings were organized for our strategic accounts. The forum provides scope for the Delivery leadership & HR to give a huge shout out to all our top performers by handing over DNA awards.
 - GBW Virtual Events: Sonata - GBW Virtual events across Australia, UK, Malaysia, Japan, China and India gave a chance to the GBW global employees, along with the Sonata HR team members to gather and celebrate Excellence Awards, DNA Awards and Service Recognition Awards. Latest GBW business updates, latest business wins, and information on the integration progress between GBW - Sonata team were provided. The regional teams also shared moments in their lives along with key reflections.
 - c.o.n.v.e.r.s.a.t.i.o.n.s: Is a unique format informal chat sessions, where your MD speaks to Sonatians who he usually does not meet during his day to day interactions. These conversations enable us to engage with our employees in locations across the world including India, Europe, US and UK - allowing us to be truly global, share expectations, foster thoughts and ideas - all leading to alignment to a greater cause and better understanding of the core purpose of the organization.
 - Your MD also started connecting with the new joiners once a month. This has helped the MD to interact directly with the new joiners early in their tenure and set the tone for the rest of their stay at Sonata.
- **Recognition of team that has created a World Class Client Experience through Excellence in Delivery:** The team's greatest challenge this time came in the form of building trust in a client. Putting its best foot forward, it took the team many thoughtfully designed interactions and meetings to win trust and establish a bond. As the project was rolled out, it was very clear that the team had exceeded all expectations in making impact with the client. The team overcame several technical challenges and arrived at solution by building a platform that has multiple features, as a one stop solution providing seamless integration with the client's internal systems and external APIs!





- We launched **SonataOne**, Sonata's new integrated & modern HR platform for employees to self-transact and complete various tasks such as Generate the employee certificates such as Address Proof, employment certificate, apply & track leaves, recognise colleagues, view Personal data, submit time sheets, claim travel and expense reimbursements etc.

DISCLOSURES AS REQUIRED UNDER SECTION 22 OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company is committed to provide a healthy environment to all employees that enables them to work without the fear of prejudice and gender bias. Your Company has in place a gender neutral Prevention of Sexual Harassment (POSH) Policy in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Company through this Policy has constituted an Internal committee and has established a grievance procedure for protection against victimization.

Following are some of the programs and initiatives in place to train Employees and the Internal Committee (IC) for POSH during the year.

- Each Employee is required to undergo a mandatory e-learning module on 'Prevention of Sexual Harassment at Workplace'.
- All new joiners are trained in person on Prevention of Sexual Harassment during their induction program.
- The IC Members are provided relevant training by an external agency during meetings of the IC.
- The Prevention of Sexual Harassment policy is available on the intranet portal for the employees to access and when required.
- Penal consequences of sexual harassment and the constitution of the IC are displayed at conspicuous places.

No complaints were received under this Policy during the Financial Year 2021-22

INTERNAL FINANCIAL CONTROLS

Internal Financial Controls are an integrated part of the risk management process, addressing financial and financial reporting risks. It is commensurate with its size and the nature of its operations. The internal financial controls have been embedded in the business processes.

Assurance on the effectiveness of internal financial controls is done through management reviews and review by internal auditors during the course of their audits. We believe that these systems provide reasonable assurance that our internal financial controls are designed effectively. The Audit Committee reviews the reports submitted by internal auditors. Suggestions for improvement are considered and the corrective action are undertaken.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its future operations.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the Financial Year under review, your Company had given Inter Corporate Deposits at prevailing bank lending rate to its Wholly Owned Subsidiaries, Sonata Information Technology Ltd.,

and Sonata Software Solutions Limited for meeting its working capital requirements. The balance outstanding as on 31st March, 2022 is nil. The maximum amount outstanding at any point of time during the Financial Year has been ₹ 2,530 Lakhs.

Also, your Company has given Corporate Guarantees on behalf of Subsidiaries for facilitating its business needs. The outstanding amount as on 31st March, 2022 is as below:

Name of the Subsidiary	₹ in Lakhs
Sonata Software North America Inc., USA	5,684
Sonata Information Technology Limited, India	30,816

RISK MANAGEMENT

Your Company's Risk Management practice seeks to sustain the long-term vision and mission of your Company. It continuously evaluates the various risks surrounding the business and seeks to review and upgrade its risk management process. To further endeavour, your Board constantly formulates strategies directed at mitigating these risks which get implemented at the Executive Management level and a regular update is provided to the Board.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the Financial Year, your Company has spent ₹ 396 lakhs towards CSR activities. Your Company has a Policy on CSR and as part of its implementation program, identified and participated in the following initiatives:

- Sonata Software in association with Sneha Trust has implemented a learning Management System(LMS) web application, with an aim to improve digital learning among secondary students in schools.
- Sonata in partnership with MAP, a project of Arts and Photography Foundation, with a mission to make art and culture inclusive, educational and accessible to wide and diverse audiences. Sonata under its CSR initiative has developed a Museum Management System for handling of its wide variety of events.
- Sonata Software in partnership with Sense International India (SII) has leveraged technical expertise from Sonata in revamping their existing website with new functionalities and fund-raising module to help their Programs
- Sonata Software in partnership with INTACH (Indian National Trust for Art and Cultural Heritage) is building a responsive website which can enable a 360-degree virtual tour, visual map, update of the latest work of Someshwara Temple at Bangalore. This will help tourists visiting the temple as well as historians and will facilitate heritage education
- Sonata Software in partnership with Agastya International Foundation is supporting them to take Science and Mathematical experiments to the Rural schools in the Country. We have supported them with the Program -"Lab On Tab" which help Rural students to get access to Science and Maths experiments at their doorstep in Rural schools. Sonata also developed the App based learning platform for Agastya's – Lab on Tab.
- Sonata Software in partnership with Industree Crafts Foundation is developing a Co Create app for Artisans. The app would have a Master Bank to capture the details of Artisans and their artworks across India. This app will also help Artisans across the country to register themselves and display their crafts

The Annual Report on CSR in the prescribed format is enclosed to this Report as **ANNEXURE III**.

BUSINESS RESPONSIBILITY REPORT

The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, mandates inclusion of the Business Responsibility Report (BRR) as part of the Annual Report for top 1000 listed entities based on market capitalization.

In compliance with the Regulations, BRR is available on the Company's website at www.sonata-software.com. The BRR contains a detailed report on Business Responsibilities vis-a-vis the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business framed by the Union Ministry of Corporate Affairs.

RELATED PARTY TRANSACTIONS

The policy on related party transactions is available on the Company's website at www.sonata-software.com/about-us/investor-relations/corporate-governance.

All related party transactions are placed on a quarterly basis before the Audit Committee and before the Board for approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are foreseeable and of a repetitive nature particulars of the contracts or arrangements with related parties referred to in Section 188(1) in the format specified as Form AOC- 2 forms part of this Report as **ANNEXURE – IV**.

Pursuant to Regulation 23(9) of the Listing Regulations, your Company has filed the reports on related party transactions with the Stock Exchanges.

JUSTIFICATION FOR ENTERING INTO RELATED PARTY TRANSACTIONS

All the Related Party Transactions entered into by your Company with the Related Parties including rendering of services, sharing of expenses, providing of inter-corporate loans and guarantees to its subsidiaries are in the ordinary course of business and are carried out at arm's length pricing.

BOARD EVALUATION

During the Financial Year under review, as mandated by the Companies Act, 2013, and SEBI Listing Regulations. Your Company conducted an exercise to evaluate the performance of the Board, Committees of the Board, Chairman of the Board, Individual Directors and the Independent Directors. As part of the evaluation process, individual criteria for each of the exercise was formulated. From these, formal questionnaire listing various parameters on which each of the categories were required to be evaluated was shared with each member of the Board / Committee / Director. They were then required to rate individually on each of the parameters pursuant to provision of Companies Act, 2013 and SEBI Listing Regulations.

REMUNERATION TO DIRECTOR AND EMPLOYEES

Details / Disclosures of ratio of Remuneration to each Director to the median employee's remuneration and details of remuneration paid to Employees is given as **ANNEXURE – V**.

A statement comprising the names of top 10 employees in terms of remuneration drawn and every person employed throughout the year, who were in receipt of remuneration in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms an integral part of this Report. However, the same is not being sent along with this Annual Report to the Members of the Company in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to investor@sonata-software.com and these documents will be made available for inspection electronically from the date of circulation of this Annual Report up to the date of AGM i.e, 24th June, 2022.

LISTING WITH STOCK EXCHANGES

Your Company confirms that it has paid the Annual Listing Fees for the year 2021-22 to NSE and BSE where your Company's Shares are listed.

CORPORATE GOVERNANCE

Your Company has taken adequate steps to adhere to all the stipulations laid down in SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. A report on Corporate Governance is provided in this Annual Report.

A Certificate from Mr. Parameshwar G Hegde, a practicing Company Secretary, confirming the compliance with the conditions of Corporate Governance as stipulated under the said Regulations is attached to this report.

ACKNOWLEDGEMENTS

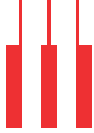
Your Directors would like to place on record their gratitude for all the guidance and co-operation received from all its clients, vendors, bankers, financial institutions, business associates, advisors, regulatory and government authorities. Your Directors also take this opportunity to thank all its Shareholders and stakeholders for their continued support and all the Sonatians for their valuable contribution and dedicated service.

FOR AND ON BEHALF OF THE BOARD

Place : Mumbai
Date : April 29, 2022

Pradip P Shah
Chairman





Annexure I

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014 - Form AOC-I)

PART "A": SUBSIDIARIES

Sl. No.	Name of the subsidiary	Sonata Information Technology Ltd.	Sonata Software Solutions Limited	Encore IT Services Solutions Private Limited**	Sonata Software North America Inc.	Sonata Software FZ LLC	Sonata Software GmbH	Sonata Europe Ltd., UK	Sonata Software (Qatar) LLC	Interactive Business Information Systems Inc.	Sonata Australia Pty Ltd*	Sopris Systems LLC	Gap-buster Ltd	Encore Software Services, Inc.**
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same Reporting Period	Same Reporting Period	From 1st August 2021 to 31st March 2022	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	From 1st August 2021 to 31st March 2022
2	Reporting currency	INR	INR	INR	USD	USD	EURO	GBP	USD	USD	AUD	USD	GBP	USD
3	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-	-	-	USD = ₹ 75.79	USD = ₹ 75.79	Euro = ₹ 84.13	GBP = ₹ 99.48	USD = ₹ 75.79	USD = ₹ 75.79	AUD = ₹ 56.80	USD = ₹ 75.79	GBP = ₹ 99.48	USD = ₹ 75.79
4	Share capital ***	338	1	1	227	103	21	2,448	42	379	0	0	9,478	36
5	Reserves and surplus	29,294	4,900	667	18,171	(548)	48	9,006	(581)	(369)	1,650	(616)	(10,093)	1,485
6	Total assets	123,815	8,712	1,000	44,464	995	158	13,479	26	980	3,270	115	2,516	3,224
7	Total Liabilities	94,183	3,811	332	26,066	1,440	89	2,026	565	970	1,621	732	3,131	1,702
8	Investments	6,205	251	117	24,449	-	-	3,541	-	-	-	-	-	-
9	Turnover	406,693	10,154	4,583	67,840	730	259	13,399	47	2,174	7,667	1,639	7,305	8,888
10	Profit / (Loss) before taxation	13,680	4,208	154	13,604	378	(93)	2,611	(36)	456	1,853	682	60	1,911
11	Provision for taxation	3,499	261	55	2,512	-	10	550	-	108	556	184	-	511
12	Profit / (Loss) after taxation	10,181	3,947	99	11,092	378	(103)	2,061	(36)	347	1,297	498	60	1,400
13	% of shareholding	100	100	100	100	100	100	100	49	100	100	100	100	100

* Formerly known as "Scalable Data Systems Pty Ltd".

** Acquired 100% stake on August 1st, 2021

***Share Capital as at March 31, 2022 for Sonata Australia Pty Ltd, is ₹ 114 and Sopris Systems LLC. is ₹ 152.

Notes:

- In the details given above, the reporting currency has been converted to ₹ at the closing exchange rate as on 31st March, 2022.
- Sonata Information Technology Limited has proposed a final dividend of ₹ 5,708 Lakhs (₹ 169.12 per equity share of par value of ₹ 10 each) which is subject to approval of shareholders.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

There are no associate companies and joint ventures during the current financial year

FOR AND ON BEHALF OF THE BOARD

Pradip P Shah
Chairman
Mumbai

P Srikar Reddy
Managing Director
Bengaluru

Jagannathan C N
Chief Financial Officer
Bengaluru

R Sathyanarayana
VP - Finance & Accounts
Bengaluru

Mangal Krishnarao Kulkarni
Company Secretary
Bengaluru

Date : April 29, 2022

Annexure II

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED **MARCH 31, 2022**

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,
Sonata Software Limited,
208 T V Indl Estate, 2nd Floor, S. K. Ahire Marg,
Worli, Mumbai- 400030
Maharashtra, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SONATA SOFTWARE LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2022** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2022 and made available to me, according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment, if any ;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - (c) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- vi. Other laws applicable specifically to the Company, namely:
 - (a) The Information Technology Act, 2000 and the rules made thereunder;
 - (b) The Special Economic Zones Act, 2005 and the rules made thereunder;
 - (c) Software Technology Parks of India rules and regulations;
 - (d) The Indian Copy Rights Act, 1957;
 - (e) The Patents Act, 1970; and (f) The Trade Marks Act, 1999.

I have also examined compliance with the applicable clauses of the (i) Secretarial Standards issued by The Institute of Company Secretaries of India (ii) The Listing Agreements entered into with Stock Exchanges.

I report that, during the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines and Standards mentioned above.

I further report that, there were no events/actions in pursuance of:

- a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;(Not applicable to the Company)
- d) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
- e) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018

requiring compliance thereof by the Company during the audit period.

I further report that, the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this Audit since the same have been subject to review by the statutory financial auditors, tax auditors, and other designated professionals.

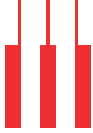
I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that, based on the information provided and the representation made by the Company and also on the review of





the compliance certificates/reports taken on record by the Board of Directors of the Company, in my opinion there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I report further that, during the audit period there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc. having a major bearing on the Company's affairs.

P. G. HEGDE

Hegde & Hegde

Company Secretaries

Place: Bengaluru

Date: April 28, 2022

FCS: 1325 / C.P.No: 640

UDIN: F001325D000197653

This report is to be read with Annexure A which forms an integral part of this report.

ANNEXURE A

To,
The Members
Sonata Software Limited
Mumbai

My report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

P. G. HEGDE

Hegde & Hegde

Company Secretaries

Place: Bengaluru

Date: April 28, 2022

FCS: 1325 / C.P.No: 640

UDIN: F001325D000197653

Annexure III

1. Brief outline on CSR Policy of the Company.

Sonata Software, through its CSR initiatives, will enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth in the society and community around it along with environmental concern. The objective of this policy is to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders and other objects of the Company.

Further, take up those programmes directly or indirectly, that benefit the communities and society at large, over a period of time, in enhancing the quality of life & economic well-being of the local populace.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Radhika Rajan	Chairperson	3	3
2	Mr. P. Srikar Reddy*	Member	3	3
3	Mr. S. B. Ghia	Member	3	3

* CEO upto 7th April, 2022.

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR Committee: www.sonata-software.com/sites/default/files/financial-reports/2022-01/composition-of-committees.pdf

CSR Policy: www.sonata-software.com/sites/default/files/financial-reports/2021-08/corporate-social-responsibility-policy.pdf

CSR Projects: www.sonata-software.com/about-us/investor-relations/corporate-governance

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) : Not Applicable
5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any : Not Applicable
6. Average net profit of the company as per section 135(5): ₹ 19,651 Lacs
7. (a) Two percent of average net profit of the company as per section 135(5): ₹ 393 Lacs
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Not Applicable
 (c) Amount required to be set off for the financial year, if any: Not Applicable.
 (d) Total CSR obligation for the financial year (7a+7b-7c): ₹ 393 Lacs
8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Lacs)	Amount Unspent (in Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
396	Nil	-	-	Nil	-



(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
				Location of the project.							Mode of Implementation – Through Implementing Agency	
Sl. No.	Name of the Project.	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	State.	District.	Project duration. (in Months)	Amount allocated for the project (₹ in Lacs).	Amount spent in the current financial Year (₹ in Lacs).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in Lacs).	Mode of Implementation Direct (Yes/No).	Name	CSR Registration number.
1	Sneha Trust	Schedule VII Promoting Education	Yes	Karnataka	Bengaluru	12 Months	39	37	-	No	Sneha Trust	CSR00012241
2	Kriti Social Initiatives	Schedule VII Promoting GenderEquality Empowering women	No	Telangana	Hyderabad	3 Months	2	3	-	No	Kriti Social Initiatives	CSR00005730
3	Industree Crafts Foundation	Schedule VII Promotion and development of traditional art and Handicrafts	Yes	Karnataka	Bengaluru	12 Months	150	133	-	No	Industree Crafts Foundation	CSR00000557
4	Sense International India	Schedule VII Promoting Education	No	Gujarat	Ahmedabad	6 Months	7	7	-	No	Sense International India	CSR00000557
5	Arts and Photography Foundation	Schedule VII Promotion and development of traditional art and handicrafts	Yes	Karnataka	Bengaluru	12 Months	160	151	-	No	Arts and Photography Foundation	CSR00000053
6	Intach	Schedule VII Promotion and development of traditional art and handicrafts	Yes	Karnataka	Bengaluru	9 Months	45	46	-	No	Intach	CSR00010202
	TOTAL							377				

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Not Applicable

(d) Amount spent in Administrative Overheads: Rs. 19 Lacs

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Rs. 396 Lacs

(g) Excess amount for set off, if any

(₹ in lakhs)

Sl. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	393
(ii)	Total amount spent for the Financial Year	396
(iii)	Excess amount spent for the financial year [(ii)-(i)]	3
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	3

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable
 (b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). : Not Applicable
 (a) Date of creation or acquisition of the capital asset(s).
 (b) Amount of CSR spent for creation or acquisition of capital asset.
 (c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
 (d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). Not Applicable.

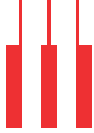
Sd/-
P. Srikar Reddy
 Managing Director

Place: Bengaluru
 Date: 28th April, 2022

Sd/-
Radhka Rajan
 Chairperson of CSR Committee

Place: Mumbai
 Date: 28th April, 2022





Annexure IV

Particulars of Contracts / Arrangements made with Related Parties

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 - Form AOC-2)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with Related Parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts / arrangements / transactions entered into during the year ended 31st March 2022, which were not at arm's length basis.

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

(₹ in Lakhs)

Name of the related party	Sonata Information Technology Ltd.	Sonata Software North America Inc.	Sonata Software FZ LLC	Sonata Europe Ltd., UK	Sonata Software (Qatar) LLC	Sonata Australia Pty Ltd	Interactive Business Information Systems Inc.	Sopris Systems LLC	Sonata Software Solutions Ltd	Sonata Software Intercontinental Limited
Nature of relationship	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Subsidiary with 49% holding	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary
Nature of contracts/ arrangements/ transactions:										
Rendering of services	-	26,149	145	6,879	-	1,171	306	85	1	71
Software license fees paid	9,275	-	-	-	46	184	60	-	1,737	-
Inter corporate deposits given	6,060	-	-	-	-	-	-	-	220	-
Inter corporate deposits recovered	6,060	-	-	-	-	-	-	-	400	-
Interest received on inter corporate deposits	30	-	-	-	-	-	-	-	11	-
Interest income from rent on sub lease	29	-	-	-	-	-	-	-	-	-
Recovery of rent	78	-	-	-	-	-	-	-	-	-
Dividend received	8,000	-	-	2,808	-	-	-	-	-	-
Commission received on guarantees given on behalf of Subsidiary	58	23	-	-	-	-	-	-	-	-

Notes:

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

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai
Date: 29 April, 2022

Pradip P Shah
Chairman

Annexure V

Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2021-22:

Name of Person	Designation	% of increase compared to previous year	Ratio to Median remuneration of employees	% of Revenues	% of Profits after tax
Pradip P. Shah	Director	0.94%	3.91	0.06%	0.18%
P Srikar Reddy	MD & CEO*	55.74%**	101.31	1.47%	4.74%
S. B. Ghia	Director	0.46%	3.96	0.06%	0.19%
Viren Raheja	Director	-	3.78	0.05%	0.18%
Radhika Rajan	Director	0.47%	3.93	0.06%	0.18%
Sanjay Asher	Director	0.47%	3.87	0.06%	0.18%

* CEO upto 7th April 2022.

** Includes Stock Appreciation Rights (SAR) & Bonus plan in lieu of SAR.

- (ii) The percentage increase in remuneration of Chief Financial Officer & Company Secretary, in the Financial Year 2021-22:

Name of Person	Designation	% of increase compared to the previous year	% of Revenues	% of Profits after tax
Jagannathan C N	Chief Financial Officer	156%*	0.26%	0.84%
Mangal K Kulkarni	Company Secretary and Head-Legal	4%	0.09%	0.30%

* Includes Bonus plan in lieu of Stock Appreciation Rights.

- (iii) The percentage increase in the median remuneration of employees in the Financial Year 2021-22:
The percentage increase in the median remuneration of Sonata during the Financial Year under review is 13%. This has been arrived by comparing the median remuneration of the cost-to-the Company as on 31st March 2022 as compared to the previous year 31st March 2021.
- (iv) The number of permanent employees on the rolls of the Company:
The total employee strength as on 31st March 2022 is 3,383 as against 3,661 as on 31st March, 2021.
- (v) Average percentage increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
The average increase in remuneration of the employees other than managerial personnel was 10% as compared to the average increase in the managerial remuneration of 55%. The reasons for increase in managerial remuneration as compared to other than managerial personnel are mainly on account of bonus plan in lieu of Stock Appreciation Rights which is included in the managerial remuneration of the current financial year and commission payable to one of the director who had taken voluntary pay cut during the last financial year.
- (vi) Affirmation that the remuneration is as per the remuneration policy of the Company:
Your company affirms that the remuneration is as per the remuneration policy of the Company.

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai
Date: 29 April, 2022

Pradip P Shah
Chairman





Management Discussion and Analysis - Annual Report FY2022

SONATA SOFTWARE

The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes hitherto. The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (GAAP) to comply with the Accounting Standards specified under Section 133 of and other relevant provisions of the Companies Act, 2013 as applicable. The Company's management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions and reasonably present the Company's state of affairs and profits for the year. Investors are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. When used in this discussion, words like 'will', 'shall', 'anticipate', 'believe', 'estimate', 'intend', 'expect' and other similar expressions as they relate to the Company, or its business are intended to identify such statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances, or achievements could differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as on their date of statement. Information provided in this Management Discussion and Analysis (MD&A) pertains to Sonata Software Limited (the Company) and its subsidiaries on a consolidated basis, unless otherwise stated.

GLOBAL ECONOMIC REVIEW 2021-22

2021 was the year when most of the countries across the globe successfully undertook the vaccination campaigns, business sentiment began to improve and economies re-entered the demand path.

As per the International Monetary Fund's (IMF) World Economic Outlook of January 2022, the global economic growth rebounded to 5.9% in 2021 and is expected to grow moderately to 4.4% in 2022, reflecting continued Covid-19 flare-ups, diminished fiscal support, and persistent supply bottlenecks. Global inflation in the near term is projected to be higher than earlier envisioned mainly due to the pandemic resurgence, Ukraine war, and Russia sanctions. Global growth is estimated to slow down to 3.8% in 2023 as pent-up demand diminishes and supportive macroeconomic policies continue to be unwound. Several downside risks such as Omicron-driven economic disruptions, more supply bottlenecks, a de-anchoring of inflation expectations, financial stress, geopolitical tensions, climate-related disasters, and a weakening of long-term growth drivers, all cast a cloud over the given outlook.

INDIAN ECONOMIC OVERVIEW

According to Fitch's global economic outlook report of March 2022, the Indian economy is projected to grow at 8.7% in FY2022. The capital expenditure-led Budget, Reserve Bank of India's accommodative policy, and less damage to the Indian economy from the omicron wave are key growth drivers for the current fiscal year. The report also highlighted that the Russia-Ukraine conflict might impede growth in India and other emerging markets that are dependent on imports to meet their energy demands. Russia's invasion of Ukraine has significantly altered the global economic backdrop through three main channels – a spike in commodities prices, risks to the global economy from financial and business disruption, and a dent in sentiment due to heightened geopolitical risks.

GLOBAL IT INDUSTRY

Two years ago, when the Covid-19 pandemic began, it catapulted many organizations into the future, rapidly accelerating digital transformation. Work culture changed overnight, and remote working became the new normal. Demand for digitalization and cloud migration surged significantly while on the other hand supply chain constraints became a major barrier to capture the growth opportunities across the sector. The talent shortage is expected to remain a concern in 2022 for the IT industry.

According to Gartner's recent release, worldwide IT spending is forecasted to the total USD 4.5 trillion in 2022, reflecting a growth of 5.1% from 2021. IT services segment, which includes consulting and managed services, is predicted to have the second-highest spending growth in 2022, touching USD 1.3 trillion, up 7.9% over 2021. Business and technology consulting spending are estimated to rise by 10% in 2022. In this new normal age, CIOs are now well-positioned to shift their focus away from essential, short-term projects toward long-term growth opportunities. Simultaneously, staff skills gaps, wage inflation, and the war for talent will force CIOs to depend more on consultancies and managed service firms to implement their digital strategies. According to Gartner, by 2025, most enterprises will rely more on external consultants as the higher urgency and accelerated speed of change widen the gap between their digital business aspirations and internal resources and capabilities. This will be especially true with the cloud as it serves as a key element in achieving digital ambitions and supporting hybrid work.

The cloud market surpassed the non-cloud market in the enterprise application software market for the first time. Gartner predicts that by 2025, it will be double the size of the non-cloud industry. Organizations are focusing on upgrading their software stack to software-as-a-service (SaaS) to support continued flexibility and agility, and the cloud is responsible for almost 11% spending growth in the enterprise software segment in 2022.

INDIAN IT INDUSTRY

While the global economy and majority of the industries grappled with the challenges posed by the extended pandemic, the Indian IT industry grew at a breakneck pace in FY2022. This was mainly due to the fact that technology became the fulcrum via which businesses were able to not only keep the lights on but also speed their journey towards becoming future-ready, resilient, and agile.

The winning formula for the industry was a mix of digital and innovation with platforms and XaaS playing a key role in accelerating tech adoption. To address margin pressures, the industry increased its focus on operational efficiency. Among other sectors, eCommerce gained a deeper penetration of the O+O model (Offline + Online).

Another significant achievement for the industry was to cross the 5 million mark in total direct employees, the highest-ever net addition of 445,000. The industry's "people first employee-centric" approach saw tech firms quickly adapt to Hybrid work models and scale up the industry's digital capacity/capability building programs.

According to a recent Gartner's report, the IT spending in India is estimated to reach USD 105.2 billion in 2022, an increase of 5.5% from 2021 mainly driven by increased demand for digital transformation from the traditional legacy business model.

The key pillars that enabled technology firms to respond proactively to emerging customer demand throughout the pandemic were an obsession with customer-centricity, domain specific solutioning, agility to respond quickly to customer needs, a digital-first talent pool, and a laser-sharp focus on creating future-ready solutions.

IT matter (in \$ million)

IT spending in India may touch \$105.2 billion in 2022, an increase of 5.5% from 2021

	2021 Spending	2021 Growth (%)	2022 Spending	2022 Growth (%)	2023 Spending	2023 Growth (%)
Communication services	24,110	4.8	24,668	2.3	25,381	2.9
Data Center Systems	2,672	17.1	3,880	5.7	4,067	4.8
Devices	44,354	23.2	46,028	3.8	47,550	3.3
IT services	18,199	11.3	19,853	9.1	21,820	9.9
Software	9,396	19.7	10,817	15.1	12,477	15.3
Total	99,731	15.5	105,246	5.5	111,295	5.7

Source : Gartner (January 2022)

India remains the preferred location for IT services and in a post-pandemic era, the Indian IT industry is expected to grow rapidly as the digitalization of the economy will accelerate further.

KEY SECTORS FOR SONATA

Digital Transformation – A Necessary Disruption

Digital transformation was already an important strategic objective before the Covid-19 pandemic. However, the sudden outbreak of the pandemic has acted as a catalyst to accelerate the transformation journey for most of the organizations.

Digital transformation is an umbrella term - covering the application of new technologies, skills, and procedures to create efficient business operations. It is about reimagining how a company leverages technology, people and processes, either through changing existing business processes or creating new business models and income streams.

For the past half decade, Sonata Software has been assisting enterprises in accelerating their digital transformation journey through our proprietary Platformation™ methodology. Platformation™ remains key differentiator for us in acquiring new clients across geographies. As more and more companies across the globe are realizing the value of platform-based digital business models, it has become increasingly easier for us to communicate our capabilities. Our C-level relationships, great stake holder management, both with clients and with Microsoft, strong credibility through clarity of thought and vision, solution and approach, leveraging Sonata's proprietary tools to ensure faster time to market and cost savings and agile delivery have all helped in getting us new customers as well as in becoming strategic to existing ones.

Platformation™ is a methodology for creating powerful digital platforms that are connected, open, scalable, and intelligent. Sonata leverages this methodology to help companies develop a sharp digital transformation strategy and build platforms that drive their business growth in this phygital world. Sonata helps in unlocking value and growth through platforms and shapes the digital agenda with the help of platform-led thinking.

Sonata Software's Platformation™ approach guides an organization through the entire platform adoption process, from defining its vision to selecting an appropriate strategy and implementing its platform adoption roadmap.

Sonata has also created reference platform business models for several industries specializing in retail, consumer goods, distribution, manufacturing, agri-business, utility service industry, and the best-in-class platform models. Sonata has now also implemented its Platformation™ approach across all its service lines, including Cloud Transformation, Data & Analytics, Artificial Intelligence (AI), Machine Learning (ML), Platform Engineering, ERP/ Dynamics Services, Platformation™ consulting services across the value chain, helping them to future proof client's digital investments while being flexible at delivering to growing needs of their business. Even with

its own IP's, the Company has followed a Platformation™ approach, making it much faster and more convenient for its customers.

According to Nasscom's Enterprise CXO Survey 2022, Indian CXOs opinion is positive on overall growth and they are bullish on technology spending. CEOs signaled an increase in R&D spending by 10% -20% in FY2022, indicating a shift from me-too business models to IP-led business growth, building new products/services, and catalyzing innovation. 75% of CEOs expressed their view to achieve double-digit revenue growth as the demand for digital transformation and offshoring will continue to remain strong.

Sonata Software is well placed to assist its customers to achieve a digital transformation journey in this new era of the digital economy.our investments in Emerging technologies such as Cloud computing, Artificial Intelligence (AI), Machine Learning (ML), Big Data Analytics, Internet of Things, Cybersecurity, will continue to drive digital innovation across sectors and organizations in the next few years to come.

Customer Experience

In the world of customer experience, the Covid-19 pandemic has significantly impacted customers' buying behavior and spending pattern due to the customers' shifting lifestyles and value sentiments.

According to a study by Fortune Business Insights, the global Customer Experience (CX) market is predicted to touch USD 32.53 billion by 2029 from USD 10.11 billion in 2021, exhibiting a CAGR of 16.2% from 2021 to 2029. Customer experience solutions help organizations in lowering customer churn rates and in improving customer loyalty. They also assist organizations in enhancing their brand awareness. The growing digitization and the surging adoption of Artificial intelligence (AI) and Augmented reality (AR) are anticipated to improve the market growth. The increased use of digital platforms for shopping and other purposes has boosted the demand for advanced customer experience solutions. Additionally, businesses have placed a greater emphasis on client retention, loyalty, and engagement. To keep up with the changing consumer demand, they have now adopted bots or virtual assistants. This is likely to create huge growth opportunities for the market. The pandemic has created dynamic purchasing patterns of consumers and thus, major players in the market are developing ingenious solutions to cater this changing demand. In the post-pandemic era, the market is expected to witness tremendous growth opportunities as a result of these dynamics.

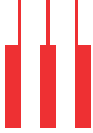
In early FY2022, Sonata GBW had launched 'CXe', a unique enhanced integrated CX management solution. This is a compelling offering from Sonata designed for customers worldwide looking for comprehensive end-to-end CX solutions in the post-pandemic world that addresses the challenges with traditional solutions. The Company will continue to invest in its CX platform offering a 360 degree customer experience measurement and integrated insights into what drives CX

Industry verticals

Sonata's focus has been on the following industry verticals:

- ISVs (Independent Software Vendors)
- Retail
- Consumer Packaged Goods (CPG), Distribution, logistics and Manufacturing
- Agri Commodity Business (added via Scalable Data Systems Acquisition)
- Healthcare (added via Encore Software Services Acquisition)
- Service Industries –(Energy & Utilities)





Sonata is continuing to see a good uptick in the demand environment, especially in digital transformation and across all the segments. Sonata is well-positioned to take advantage of growth opportunities and deliver world-class client experience all around.

ISVs (Independent Software Vendors)

The global ISVs market is projected to reach USD 6,648.6 billion by 2031 from USD 1,958.6 billion in 2021, growing at a CAGR of 13% between 2021 to 2031 period, as per Market Research Report. The growing adoption of Software-as-a-Service (SaaS) and increasing demand for multi-cloud and hybrid cloud systems are key growth drivers of the ISVs market.

SaaS is one of the key cloud computing models which is expected to gain traction in the near future. The substantial expansion is attributable to the continued shift from on-premises license software to subscription-based SaaS models and the impact of the pandemic that forced organizations to embrace new software collaboration tools. The growing adoption of modern technology solutions and rising business outsourcing of software and services are also expected to propel the growth of SaaS. The increasing demand for multi-cloud and hybrid cloud systems that help companies in implementing application workloads that embrace functionality such as data residency standards, enforcement, and legislation as well as low latency and low cost that improves mobility, and provides enhanced protection, enhanced user interface, and ubiquitous access. Thus, creating huge growth opportunities for ISVs.

ISVs are pushing their boundaries of innovations to create value through products for customers. With the rise of digital disruption, organizations are increasing their focus on process innovation to deploy an improved end-user experience. Companies in the ISVs market are investing in scalable, fail-proof, and cost-effective product architectures. They are focusing more on rebuilding their legacy products into modern business platforms.

Sonata's Platform engineering DNA built on Platformation™ methodology assists ISVs in this transformation journey. Sonata offers Digital platform engineering, modern engineering and sustenance engineering solutions to address the challenges faced by ISVs. Sonata has been working with many marquee customers in Azure and AWS cloud and has its engineering DevOps platform for building and delivering products. Sonata has vast experience in building capabilities in advanced technologies and cloud solutions ensuring seamless delivery.

Retail

Over the last two years due to the Covid-19 pandemic, the retail sector has faced several headwinds such as fast-changing consumers buying behavior, supply change disruption and digital innovation due to the rapid shift from brick-and-mortar to online shopping. As a result, retailers are now forced to reexamine their legacy systems and strategies that have shaped the sector for years.

In the United States (US), most retailers filed for bankruptcy protection in 2020 due to Covid-19, and growth for 2021 was expected to be a disaster. However, instead of disaster, the industry's recovery was much faster than projected, helped by a rapid vaccination drive, employment rebounds and stimulus. Consumer demand was strong in 2021, outstripping the global supply chain's ability to keep shelves stocked in many situations. Financial markets helped retailers of all financial profiles bolster their liquidity and refinance their debt. That has kept many out of trouble, with bankruptcies in the industry at all-time lows. All these financial aids have increased the risk of debt in the United States. According to Moody's, the industry's debt levels have climbed to unprecedented heights primarily due to actions taken during the pandemic to keep companies afloat during store closures and diminished demand. It has created repayment concerns where growth and earnings prospects weaken or liquidity wanes. Continued supply chain

issues and a shift in consumer spending to more experience-based consumption pose threats to the industry as well. Moody's expects online retail to keep up a steady pace of growth with penetration exceeding 30% in the next five years.

2022 will be a year of fusion of physical and digital experiences to accelerate growth. Autonomous delivery via robots/ drones, an increase of omnichannel commerce and plug-and-play solutions, using Big Data Analytics & AI for predicting demand, AI, ML and Blockchain strengthening supply chain adaptability along with visibility, Automated customer service, Expansion of cash-free digital PoS systems and e-commerce channels, AR/ VR solutions enabling immersive experience and aiding order fulfillment for employees are catalyzing disruptions in the phy-gital world. All these changes will require new ways of thinking and long-term commitments from retailers, but these efforts have the potential to profoundly reshape the way retailers do business. Prior to the pandemic, technology had a significant part in retail, but it is now evident that technology is at the centre of the entire industry's future. Investing in newer technologies is a must for all retailer to survive in this new era of digitalization.

The key to thriving in this changing Retail ecosystem is platform-led thinking. Sonata's Platformation™ empowers retailers with a platform-centric approach creating a unified customer experience across the buying journey. Sonata, with over two decades, has been a preferred Digital Partner for retailers and consumer goods companies. As a leader in Microsoft technologies, industry-leading platforms, our domain knowledge and signature approach to digital is encapsulated in our new offering.

With Sonata's expertise in developing and implementing digital solutions and enterprise applications across multiple segments - Apparel & Fashion, Groceries & FMCG and Hard Goods, retailers can chart and implement solutions that help converge the digital and physical realms, thus redefining the boundaries of digital retail. Sonata's proficiency in the leading Retail, Distribution, Travel and transportation customers along with its range of IP-led platform solutions, such as Brick & Click Retail, Kartopia, Modern Distribution positions the Company as a strong contender to gain most in post-pandemic transformation journey.

Consumer Packaged Goods (CPG), Distribution, Manufacturing and logistics

The CPG industry is in a midst of a transition phase. Having coped with the initial effect of the Covid-19 pandemic in 2020, CPG companies are already beginning to pivot to recovery and future-proofing their businesses for longer-term competitiveness. CPG companies are looking to harvest new data sources in order to provide more meaningful and engaging consumer experiences, innovate and experiment with new routes to market, build supply-chain resilience and invest in new emerging technologies to continuously grow and adapt their capabilities to be more efficient and cost-effective. The future will present new, exciting opportunities for the companies that can embrace the new paradigm, breakthrough age-old patterns and re-imagine the very essence of brand value. Speed, scale, fortitude, and a change-oriented culture will be necessary for success.

Pandemic-related supply chain issues were meant to be transient, but the distribution industry has been in the news for nearly two years now due to delays, shortages, and concerns that things will only get worse. Consumer demand continues to outstrip both manufacturers' and distributors' ability to produce and transport products. Because of product and shipping delays, manufacturers are unable to ramp up capacity. The ports and warehouses are overfilled with finished products. Additionally, there are insufficient drivers to transport goods, resulting in higher freight expenses. None of these challenges will be resolved quickly or completely in 2022. The distribution industry will have to learn to operate under this new normal.

Digital was crucial before the pandemic, now it has become essential. Distributors who had planned certain innovations into two to three-year roadmaps are now accelerating them to increase robustness. Most of them are investing in data and analytics to help them identify the next upheaval and give them more time and flexibility in their response. Distributors are also prioritizing technology that can assist them in overcoming present obstacles and constraints. Technology is an excellent approach to enhance human productivity while allowing workers to focus on higher-value activities like strategic decision-making. Companies are implementing predictive tools to help them determine demand and make better decisions.

Additionally, inflation and changing tax policies will remain a concern in 2022. Distributors should be on the lookout for changes in the market and have flexible, contingency-based plans in place that allow them to pivot swiftly and strategically.

In today's digital transformation phase, when consumers' preferences are changing dramatically, operational efficiency is a vital market engine for manufacturers and distributors. A flexible supply chain that provides real-time visibility and insights into the whole distribution network, from procurement to storage to delivery, is a key enabler of efficient operations.

Platform-oriented approach and new digital technologies will provide the ability for manufacturers and distributors to not only efficiently manage the supply chain ecosystem consisting of different players such as distributors, franchisees, retailers, stockists, logistics providers, consumers etc. but also enable each player in the ecosystem to perform at their best. Sonata brings together deep experience, industry-ready platforms, and a unique Platformation™ approach to help industrial & consumer goods manufacturers and wholesale distributors to stay competitive with digital distribution platforms and solutions. Equipped with these solutions, manufacturers, and distributors can establish an adaptive distribution network that can withstand the changing market dynamics and new distribution models.

Agri Manufacturing and Commodity Business

The agricultural sector is one of the largest in the world, with an estimated global value of USD 2.4 trillion. Farming employs 1.3 billion people or 19% of the world's population. However, to meet the needs of a growing global population which is expected to reach 9.7 billion people by 2050, global food production will need to increase by 70%. This necessitates the adoption of emerging technologies such as Artificial Intelligence (AI), Internet of Things (IoT), Robotics, Big data, Augmented Reality (AR), Sensors, and drones for the control and optimization of agricultural production processes, supply chains and food systems. The inclusion and subsequent combination of these technologies have already begun to dramatically transform the agricultural realm, resulting in the unfolding of a new concept known as 'Digital agriculture'. The application of digital agriculture is on the rise, with its global market expected to touch USD 23 billion by 2022, representing nearly 20% average annual growth. This approach leverages disruptive technologies to boost crop yields, maximize resource efficiency and strengthen supply chains as a whole.

Disruptive transformation in global production and consumption models have changed the commodity procurement pattern significantly. Commodity markets have been further rattled by the Russia-Ukraine war, which has hit oil supplies and sparked uncertainty. With rising volatility in today's market, traders need to be able to make decisions in real time. Severe weather, pandemic disruptions, changing customer preferences, variable tariffs, and other similar events are all having a significant impact on profitability, and even a percent gain can enhance the revenues. As a result, the trading team needs high-quality operations and the appropriate platforms in order to execute transactions profitably. Organizations

who do not adopt digital automation in commodity sourcing can lose insights into their trading decision-making process, making it difficult to remain competitive in the long run.

In this new normal, maintaining adequate visibility, transparency, and accountability across the commodity transacting lifecycle requires an immediate focus on governance, operations, and technology. Given the sudden paradigm shift, technology has become critical in the execution of the risk monitoring and oversight of a commodity trading business.

In 2018, Sonata entered the Agri-Commodity business by acquiring Scalable Data Systems, an Australian company designs digital platforms that can scale up or down as business demands, powered by Microsoft Dynamics, Sonata Software's Platformation™ and a suite of natively built assets. In July 2021, Sonata announced the new brand identity of the acquisition 'Sonata Scalable'. The new identity serves to reiterate the commitment and belief in the Australian market leading to more investments.

With Sonata's unique ERP integrated CTRM platform, customers can achieve better visibility on their commodity sourcing and trading needs, single source-of-trade data, superior control over trading decisions, and reduced cost structure for better profitability.

Utility and Service Industries

In the overall economy, Services play a critical role in enhancing productivity, efficiency, and effectiveness. Services can be strategically used to aid in economic transformation. These include telework enabling ICT (Information & Communication Technologies) services, digital financial services, and e-commerce platforms, which have kept economies running even in a tough situation like the Covid-19 pandemic. The digital transformation of agriculture, manufacturing and other sectors is aided by ICT services that can boost efficiency and lower costs. This service-enabled digitalization boosts supply and export capacity, enhancing countries' economic resilience and helping to be ready for future disruptions.

Sonata has spent 30+ years working with services companies from the energy sector to specialty contractors, professional services firms, and a wide variety of field services and project-centric companies. With the acquisition of Sopris Systems in 2019, which specializes in helping project-centric and field services companies, Sonata got access to enter utility services industries.

2021 was a year that experienced seismic shifts in the energy & utility market with continuous Covid-19 restrictions impacting business operations and rising wholesaler costs forcing smaller disruptors out of business. Organizations have hastened their shift to hybrid working, investing in digital tooling, infrastructure, and virtual delivery models though recognizing longer-term new ways of working would require a significant change in order to be fully sustainable. Customers in the energy market were also left frustrated as they were compelled to switch to larger suppliers and accept higher rates as a result.

In 2022, Utility companies will face a real uphill battle to reclaim their footing and begin implementing the green initiatives that customers and regulators are demanding while keeping the profit margins at a safe level to escape the consequences of 2021. Rather than focusing on the short-term strategy of maintaining profit margins, companies are viewing pandemic as an opportunity to rethink existing traditional strategies and invest in next-generation digital capabilities and new hybrid working systems in order to better prepare for the future.

Sonata's Platformation™ and the Microsoft Dynamics 365 Cloud are enabling modern energy and utilities companies to reinvent the customer experience, operate more efficiently and compete more effectively in a sector that is evolving faster than ever before.





Healthcare

According to MarketsandMarkets recent report, the global healthcare IT market is estimated to touch USD 821.1 billion by 2026 from USD 326.1 billion in 2021, growing at a CAGR of 20.3% during the forecast period (2021 – 2026). The growth in this market is primarily driven by increasing usage of big data in healthcare, remote patient monitoring markets, and rising needs to curtail escalating healthcare costs. The Covid-19 pandemic is another key factor driving growth as it has resulted in the increased adoption of e-prescribing, mHealth, telehealth and other healthcare IT solutions.

Owing to the rising demand for quality healthcare at low costs, the industry is shifting towards outpatient settings to reduce the care cost. Additionally, convenience is another key factor driving the demand for healthcare IT solutions. Due to the rise in several outpatient settings and patient influx, the demand and usage of healthcare IT solutions in outpatient settings will increase significantly during the forecasted period. Thus creating huge growth opportunities for the companies like us.

In July 2021, Sonata entered into an agreement to acquire Encore Software Services, Silicon Valley based IT Services Company providing User experience, Data Insights, and real time collaboration services to clients in the Healthcare, Supply-chain / Logistics, and ISV industries. Encore Software Services, incorporated in 1998 and headquartered in San Jose, with a development center in Chennai, has established itself as a provider of Cloud Application development services, Cloud Infrastructure, DevOps, Testing, and Maintenance. With this acquisition, Sonata further strengthens its geographical presence in the US with a highly experienced leadership team based in the US, it adds significant capability to enhance Sonata's Platformation™ led digital transformation strategy, by strengthening Microsoft led Cloud transformation services and digital test automation services and provides an entry into new verticals like healthcare. In August 2021, Sonata Software North America Inc., a wholly owned subsidiary of Sonata Software Limited has successfully completed the integration of Encore Software Services Inc.

Summary

Sonata Software has a unique leading position in assisting customers in accelerating their enterprise transformation through Platformation™. In alignment with this strategy, we continue to strengthen, co-create and innovate our Platformation™ offering in collaboration with our customers, partners, and strategic ecosystem in our focus markets. Our strategy has been well complemented through our strategic investments and acquisitions. We have invested in platform technology Companies, that bring in unique IPs, assets and help add industry, technology & services alignment to boost differentiation and create distinct value propositions for enterprise transformational journey.

COMPANY OVERVIEW

Through its unique Platformation™ approach, Sonata enables digital transformation initiatives for enterprises to create businesses that are connected, open, intelligent and scalable. With a suite of specialised IP, Sonata's Platformation™ methodology brings together industry expertise, platform technology excellence, design thinking-led innovation and strategic engagement models to deliver sustained long-term value to customers. Sonata's solution portfolio includes its own digital platforms such as Brick & Click Retail Platform©, Modern Distribution Platform©, Rezopia Digital Travel Platform©, Kartopia E-commerce Platform©, Halosys Mobility Platform©, and Commodity CTRM Platform©, best-in-class capabilities on ISV digital technology platforms such as Microsoft Dynamics 365, Microsoft Azure, SAP Hybris, Cloud Engineering and Managed Services, as well as new digital applications like IoT, Artificial Intelligence, Machine Learning, Robotic Process Automation, Blockchain, and Cybersecurity. Sonata's people and

systems are nurtured to bring together the depth of thought leadership, customer commitment, and execution excellence to make a difference in business with technology.

Highlights 2021-22

- Won the Golden Peacock Award for Excellence in Corporate Governance for the year 2021.
- Successfully completed the integration of newly acquired Company, Encore Software Services, Silicon Valley based IT Services Company providing User experience, Data Insights, and real time collaboration services to clients in the Healthcare, Supply-chain / Logistics, and ISV industries.
- Fortune magazine recognized Sonata as one of India's 100 top wealth creators for two years in a row.
- Sonata's unique trademark 'Platformation™' strategy for Digital Transformation completed 5 years in March 2022.
- To strengthen the partnership with Microsoft through Azure Expert MSP Certification, Sonata Information Technology Limited (SITL) is brought under the scope of ISO27001:2013 and ISO20000-1:2018 Certification and Stage 1 audit for these standards successfully completed and recommended to proceed with Stage 2 audit in Dec 2021.
- IDC named Sonata Software as a "Major Player" in the IDC MarketScape: Asia/Pacific Microsoft Dynamics 365 Implementation Services 2021 Vendor Assessment (November 2021).
- In its PEAK Matrix® assessment, Everest Group classified Sonata Software as a "Major Contender", alongside other leading companies.
- Some of our key new engagements are listed below:

Customer	Product and Solution
Leading Swedish manufacturer of brake systems and air suspension solutions	AX Support services; will soon assist them with migration to Dynamics 365 across all their global sites
Swedish conglomerate building systems manufacturing and entrance automation	Migration to cloud-based ERP platform
A Global e-commerce giant	Customer experience of ordering and delivering
A Large India-based retail entity	Overall Customer Service-led offering
Leading American power tool manufacturer	Dynamics 365 implementation
Leading company in steel fabrication in Australia	Supporting B2B and B2C services
Global beauty company	Implement Dynamics 365 as a replacement for legacy ERP
Not-for-profit organization with an annual turnover over \$AU 35 million	Implementing 365 Dynamics
Leading Pharma company in APAC	Hybris implementation
India operations of a leading American retail corporation specializing in home improvement	Dynamics 365 implementation
Global retailer of vitamins & nutritional supplements in US	Implementing POS, Operations, Store Inventory and Dynamics Commerce Modules

Customer	Product and Solution
Leading Indian Financial services company having its operations in 17 countries	Help enhancing UPI based Payment Platform and re-design it for Azure Cloud
Leading manufacturer in Philippines	Digitally transform its operation using solutions on Microsoft BizApps, Data and Azure platform
World's largest producer of industrial wood pellets in US	Microsoft Dynamics 365 Modernization and EAM implementation
Leading tea and coffee manufacturer in Europe	Microsoft Dynamics 365 implementation
Leading speciality vehicle manufacturer in US	Microsoft Dynamics 365 implementation in two locations
Leading manufacturer of printers and parcel solutions and software	Microsoft Dynamics 365 implementation

Awards and Recognition

Sonata's customer-focused service won a fair share of rewards and recognition as mentioned below –

- Won the Golden Peacock Award for Corporate Governance for the year 2020-21. Golden Peacock Awards, instituted by the Institute of Directors (IOD) in 1991, are recognized worldwide as the hallmark of Corporate Excellence.
- Fortune India recognized Sonata Software as one of the top 100 value creators in India.
- IDC named Sonata Software as a "Major Player" in the IDC MarketScape: Asia/Pacific Microsoft Dynamics 365 Implementation Services 2021 Vendor Assessment (November 2021).
- In its PEAK Matrix® assessment, Everest Group classified Sonata Software as a "Major Contender", alongside other leading companies.
- Forrester, the global research and advisory firm, in its study report, commented on Sonata's strong performance in the Microsoft Dynamics 365 space for several years now – all the way back to 2017, where it noted the company's high quality service vision, its strong partnership with Microsoft and its performance.
- Named Advanced Specialization partner for Modern Web Apps. Our Cloud Adoption Framework has been ratified by MS.

INVESTMENT IN PEOPLE

To fuel its growth strategies, Sonata continued to make key investments in people at all levels in the Company. The total headcount of the Company stood at 5,158 of whom 4678 are technology professionals. The FY22 also witnessed the following key addition of senior leaders:

- Mr. Srikar Reddy, Managing Director (stepped down as CEO on 7th April, 2022)
- Mr. Samir Dhir, Whole-Time Director & CEO of Sonata Software Limited (effective 9th May, 2022)
- Mr. Kartik Visweswaran, Sr. VP & Chief Digital Officer
- Mr. Ravindra Chandrashekar, Vice President - Growth Initiatives
- Mr. Shravan Dantu, Vice President – Services Asia
- Mr. Pravin Kumar Mishra, Lead Enterprise Architect – Azure Cloud

- Mr. K V Suryaprakash, Senior VP and Chief Capability Officer
- Mr. Rob Kumar, AVP Sales based in US - Sales of Platform engineering services
- Mr. Abhijit Bhaumik, Associate VP based in London - Europe business

Trainings and Workshops

Sonata - GBW announced the launch of their new initiative – 'The Year of Wellbeing 2022' to bring awareness about wellbeing and mental health to employees. There was a need to connect better and learn from each other to counter the massive shift in workplace culture and isolation that the pandemic brought in its wake. The year-long program will have sessions covering physical fitness, mental health, stress management, mediation and mindfulness.

Huge number of Sonatians are investing time in upskilling and training. We had over 2000 Sonatians completing the BCI on LMS and over 40 managers taking the FLEX modules. NASSCOM's FutureSkills Prime aims to give access to the latest skills in the industry to create digitally skilled future ready work force. The courses are curated by technology evangelists and industry experts. Going forward, our L&D teams will work on further curating these to our specific needs.

The Sonata-GBW Christmas & EOY Virtual Celebration event brought together participants across our regional offices. Service Recognition Awards were given out and some fun activities were planned alongside.

This year, we welcome double the number of freshers from campuses, across all competencies. Over 300 freshers went through a power-packed training for three months developing their skills on full stack.

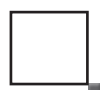
Sonata's internal Digital Learning Management System has made it possible for all to upskill anywhere, anytime. Proud to have over 75% Sonatians accessing around 640 courses, curated learning journeys, as per the needs of the competencies. Our Digital Unified Program is an initiative to build & develop Digital talent across all roles in the company to improve flexibility / fungibility of talent. Projects have appreciated the outcome of the program and are able to use talent optimally.

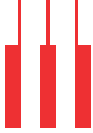
Virtual events, all-hands meets and on-boarding continued in FY2021-22 in our endeavor to keep the teams aligned and engaged. Virtual all-hands provided scope for sharing business updates and celebrate employee achievements & milestones.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

We remain committed to our support to our sustainability partners in order for them to meet their goals. We believe that all sustainable goals are integrated. Action in one area will affect outcomes in others, development must balance social, economic and environmental sustainability.

- Sense International India (also known as Sense India) is the only national-level organization supporting needs-based services which help children and adults with deafness/blindness to overcome their challenges. Sonata pledges support to Sense India's noble objective. Proud to have our teams help in building their website and amplifying outreach.
- Sonata partnered with Disom - The Leadership School' program under FMRA (Friends of Moral Re-Armament) to improve Leadership among the Rural communities who hail from economically, socially and politically marginalized backgrounds that involves extensive travel for a truly immersive and experiential learning. The cohort, along with the core team, would be undertaking the travel and this has helped them to explore many places, and meet people with different ideologies, and perspectives





- Sonata has partnered with Roshni Trust to provide services in Mental Health by creating awareness to eradicate stigma attached to psychiatric issues. Free psychiatric camps in Roshni Counselling centre and Ramkrishna Math for underprivileged communities were conducted, treating around **963** patients in the year 2021-22.
- Social Aid for the Handicapped and Infirm (SAHAI) was registered as a Charitable Trust in 1998 in Coimbatore, India, for the treatment and rehabilitation of the spinal injured in India. Sonata in association with SAHAI Trust upfolded the rights of the physically challenged especially the spinal injured by providing proper treatment, comprehensive rehabilitation, Food Expenses, and walker for a patient and saved their families from economic deprivation and thereby contributing to the creation of a healthier society where physically challenged get equal opportunities to lead dignified and independent lives

OPERATIONAL REVIEW

The Company added 44 new clients and enhanced its delivery center and customer service presence globally.

1. Platformation™ Led Services:

Platformation™ continues to be our unique approach to digital, which is helping customers in their digital transformation journey. Our Platformation™ strategy has been well complemented through our strategic investments in IPs, solutions and inorganic initiatives.

Sonata's focus on Platformation™ at the core and industry led approach have started to pay off in these times when clients are looking to begin their digital journeys with the Company. We celebrated 5 years of Platformation™ in March 2022, and now it is becoming truly mainstream.

As more and more companies across the globe are realizing the value of platform based digital business models, it has become increasingly easier for us to communicate our capabilities. Our C-level relationships, great stake holder management, both with clients and with Microsoft, strong credibility through clarity of thought and vision, solution and approach, leveraging Sonata's proprietary tools to ensure faster time to market and cost savings and agile delivery have all helped in getting us new customers as well as in becoming strategic to existing ones.

The Platformation™ initiatives cover following key areas -

- **Converting existing clients to digital clients** - The edge that Platformation™ gives has also been instrumental in our ongoing efforts towards converting our existing clients into digital clients. The maturing framework has made it easier for our teams to map digital partnerships and has enabled greater engagements across a spectrum of customer archetypes, building services, and applications that are Platformation™ compliant.

Some of key Platformation™ engagements in existing clients are:

- o Leading independent technology partner operating in the UK, Europe, and the US. This company helps customers source, transform and manage their IT infrastructure to deliver digital transformation. After our successful delivery of their new ecommerce portal, built on Hybris, they have signed on with us for BAU support and maintenance including any additional developments for next 3 years.
- o Won D365 upgrade deal for leading Australian company operating a chain of retail pharmacies both locally and internationally. This is a strategic win for us as we are already engaged in supporting the existing Dynamics for them in Ireland.

- o Another existing client engaged us for their Enterprise Application Integration support. We won the deal because of our solution driven approach and long term relationship with them.
- o Won the deal from multi-disciplinary engineering, project management and operations management group, predominantly focused on the mining and minerals resources sector in Australia. We will be managing their Dynamics 365 HR implementation.
- o Won a deal with leading insurance company in Singapore for over 100 years. Our deep knowledge of the system and great customer connect from the past won us the Oracle upgrade deal.

- **Winning new clients through Platformation™** – Platformation has been a key differentiator in our acquisition of new clients as well in APAC, US, Europe and ANZ. Direct and thru alliance – our POV based industry led approach has helped us win key clients across our Platformation™ offering, i.e., Dynamics, Data, and Cloud.

- **Developing world-class competencies aligned to Platformation™** – As businesses transform around us, we need to change too. As a result, all our competencies have been converted to digital competencies and the offerings, tools, methodologies we use have evolved accordingly.

- **Building world class talent** – our efforts continue in transforming our talent to align to Platformation™, whether it's the UEP program or digital architect program or digital delivery manager program.

We continue to invest in CX with our new entity, GBW and they continue to win large programmes with both existing and new clients.

Some of the key GBW clients have resumed CX measurement work. Among others, we continue CX program management for our client, the top Fortune 500 oil & gas major, for their fuel & convenience retail chains worldwide in over 30 markets.

We continued to expand the GBW CX footprint for another prominent client, a global e-commerce giant, providing mystery shopping for 6 markets (across two continents), insights into the customer experience of ordering and delivering and we are now in the process of setting up a competitor programme across 2 markets (with plans to extend), understanding timeliness and accuracy of ordering from our client's competitors.

A significant win was with a large India-based retail entity, where we propose to start on online mystery shopping, competitor benchmarking and social media listening, for their key brands, starting with one popular brand. This is part of our overall customer service- led offering wins.

2. Delivery Process Excellence:

Delivery Excellence team is re-chartered and renamed as "Customer Success Team" to put the processes and system to ensure that Sonata provide world class client experience to our clients.

Successfully completed ISO9001: 2015 Recertification audit conducted by Bureau Veritas

Reusable Asset Tracker Application has been rolled out and populated with the list of relevant assets contributed by Project and Competency teams. The Reusable Asset Tracker App will help in providing a collated view of all reusable assets within Sonata with search functions based on key words and other parameters. This app can potentially help in ensuring quality and in saving many hours of effort in project delivery.

Digital Delivery Handbook for MS Platform Engineering competency is released, and the pilot implementation will take place in a few identified projects.

Launched first NPS survey to measure how our clients are experiencing the world-class experience. This will help us understanding and serving our clients better.

Successfully completed ISO27001 Certification Audit for Sonata Information Technology Limited. With this certification, now the ambit of Information Security Management System covers both Domestic and International services.

Successfully completed ISO20000-1 Certification Audit for Sonata Information Technology Limited for Cloud management and support services.

Successfully completed ISO27001 Second Surveillance audit for Sonata Software Ltd covering both Bangalore and Hyderabad locations.

In our quest to strengthen the partnership with Microsoft through Azure Expert MSP Certification, Sonata Information Technology Limited (SITL) is brought under the scope of ISO27001:2013 and ISO20000-1:2018 Certification and Stage 1 audit for these standards successfully completed and recommended to proceed with Stage 2 audit in Dec 2021. The culmination of this certification program will provide exclusive differentiation for us with Microsoft Sales Engine.

Digital Delivery Framework (DDF) 2.0 Digital Delivery Handbook for MS Platform Engineering competency was piloted at some of our biggest clients. Based on the feedback received, the DDF was revised and rolled out for wider adoption across Sonata. Digital Delivery Assessments were initiated to evaluate the alignment of projects to the DDF and delivering more value to customer.

CYRUS is the yield management system originally developed for our client in the travel industry. It has been very successful and has brought significant benefits in all markets. As scalability, cost of ownership, functional improvements and sharing of data became increasingly challenging, we initiated the Cyrus Next Gen programme. The objective was to re-platform and develop CYRUS to support both business growth and evolving business models as well as moving to a "software as a service" model. CNG, as part of the client's trips technology transformation program, went live with the successful launch of flight only (FO) packages for their western region market for season W21 in March 2021.

US-based client, a leader in the integrated managed care consortium had a Digital Notification Platform comprising of a middleware and a console. The project aimed at revamping the Digital Notification Platform console to be more intuitive, leveraging state of the art UX concepts, technology and tools to improve efficiency, productivity of hospital administrators and at the same time to reduce the involvement of IT. Project delivery and UX design was done as per the Global Delivery model with developers all based on-shore.

As part of our existing accounts growth engine plan, the Customer Experience (CX) Measurement Program based on the concept of Net Promoter Score (NPS) was launched and evaluated using GBW's KUDO CX Platform. There were some encouraging results from 101 customer stakeholders. Responses from 47 accounts covering various roles across IT, business and the C-Suite roles showed that 36% of the customers were strong promoters of the Sonata Brand and willing to recommend Sonata Software to their friends or colleagues. More than 50% of the customers have said that "Sonata has a great team with positive vibes and behavior."

Our client in the foodservice business wished to develop an iOS Menu Pilot app, the equivalent of the MenuPilot Android app and to release a MenuPilot version of the application for iPad compatibility, to increase the customer base to those who were not able to use the application because of existing iPads in the store or unwillingness to increase the number of tablet devices in a location. The MenuPilot application developed by our teams, coupled with streamlined corporate management of menu data via the MenuCommand® web portal, reduces dependence on hardware and increases emphasis on platform. Together, these facilitate the centralized management and communication of critical menu data and training materials to service operations.

For Microsoft we have been able to go live with an intelligent Onboarding / eKYC providing a simplified user interaction process with easy-to-use digital assistants and forms, to achieve quick and complete onboarding for customers and employees alike. It enables a method of deploying intelligent document verification methods to speed up the approval workflows. The technical criteria was provided by Microsoft Team & Sonata Team developed Digital Customer Onboarding (eKYC) from scratch using MS Teams Apps, Power Apps, Power Automate & SharePoint. The app is deployed on AppSource.

A leading utility in the United States successfully went live on Finance and Operations. They were looking to modernize their operations and lower their cost of operations by moving to a cloud ERP platform and replace legacy Oracle applications.

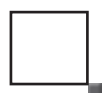
Sonata received approval to move forward on a POC with ADT Commercial for automating their site survey process. If successful, this will lead to rolling out of a site survey platform on Power Platform and Azure for several hundred users. The platform will provide immediate value to all stakeholders including customers, contractors, and employees through automation, intelligence, and a connected ecosystem.

PO Ferries required Sonata to convert the existing booking flow to a newer version referred to as "Conversion Optimization of Booking Flow" in order for them to maximize the revenue on bookings through Mobile device/channel as the majority of tourist bookings happen on the mobile version of their website. Our team's solution, connecting the web site to Hybris in a SAP Hana cloud for booking engine, price, fare class information, inventory management for bookings, web site user management (customer and Contact Centre), and connection to other POF systems, allowing the client to optimize their existing booking flow and enable a seamless experience for their customers.

The Manipal MedACE, a digital learning resource platform developed by Sonata team with the vision for MBBS transformation, was digitally launched across the globe on Dec 1st 2021. It is one of the kinds in Indian medical history and Sonata team was proud to be part of this program.

Team Encore received great appreciation from the client, KLA for successful implementation of Sinequa. Sinequa partnered with Encore to implement their product, an intelligent Enterprise Search Platform with a wide range of features, to the customers of Sinequa as needed. Encore independently handled the implementation for KLA, a customer of Sinequa and has been supporting the same thereafter. KLA greatly appreciated the efforts of Encore and has expressed their happiness at the professionalism, product expertise and focus on quality demonstrated by Encore team.

The HOYA Sekisui US release was an upgrade cum reimplemention from AX 2009, ensuring maximum utilization



of D365 outbox features. The system now gives them efficient scheduling, cashless payment model, mobile responsiveness and On-premise maintenance and accessibility

The City of Phoenix project was an as-is upgrade from AX12 to D365 F&O. The system used for invoicing, managing permits and proximity card assignments had 6 integrations and 17 reports that were migrated. Through DevOps, the enhancements that came through were called out and marked for future completion.

At Zurn, the task was getting the system ready for US Commercials with their specific business requirements which will also work in line with Canada (ZIL) entity, for 1000+ users.

Our continuous emphasis on being a digital partner for our customers begins with delivering a world-class client experience across the complete life cycle - from marketing, pre-sales, sales, solution definition, delivery and account management. Responsiveness, quality of people, quality of delivery, quality of governance is key. Setting up the CCoE model is essential, ensuring we practice all processes, including digital delivery as recommended by the customer success team is critical.

3. Marketing Initiatives

The Company continued to undertake strategic brand-enhancing initiatives during the year. Some of these include:

- Webinar held jointly with Microsoft aiming at ISVs in the Europe market.
- Participated in Analyst studies conducted by reputed firms like IDC, Everest, Forrester and ISG.
- Conducted three webinars and two discovery workshops along with Microsoft and clients.
- Sonata Software made it to the Microsoft Inner Circle, joining the elite group of strategic Microsoft Partners for its exemplary achievements in the Business Applications domain.
- Sonata Software was the Innovation Partner for NASSCOM event NASTech 2021 - Resilience to Resurgence, held on October 27th - 29th. Experts from Sonata shared industry knowledge and impact stories about how technology is a major enabler in the changing world and how we can leverage the same to bring innovation and resilience.
- Mr. Srinivas Vuppala, Head ISV and Cloud, Sonata Software, presented a Masterclass session on Cloud and Digital Transformation at NASTech 2021. The masterclass session focused on the need for digital transformation and why it has become essential with subject to the cloud.

SEGMENT-WISE PERFORMANCE

The Company is engaged in business providing IT Services and Solutions to its customers in the US, Europe, Middle East, Asia Pacific, and Distribution of Software Products in India. The Company's consolidated operations include Indian and Overseas subsidiaries under the two distinct segments:

- International IT Services contributed with 27% of total revenues and 73% of PAT
- Domestic Products and Services with 73% of the total revenues and 27% of PAT

During the year, the International IT services revenues stood at ₹ 149,380 Lakhs (USD 203 million) an increase of 26% on Y-o-Y basis. Domestic products and services stood at ₹ 406,693 lakhs. The total consolidated revenue stood at ₹ 555,337 lakhs a growth of 31% on Y-o-Y basis.

The Company added 44 new logos during the year across verticals, regions in the International Services segment.

From a geographical perspective, USA contributed 54% to our services revenues, followed by Europe (including UK) contributing 24% and Rest of the World (RoW) delivering the balance. The onsite revenue contributed 30% while the balance was from offshore activities.

From a vertical perspective, Travel & Tourism contributed 10% in the revenues, ISV 32%, Retail Distribution contributed 12% and Distribution & Manufacturing contributed 20% while the balance came from other services.

From a competency perspective, 30% of our revenue was from AX business (Microsoft Dynamics and 20% by Microsoft Digital Platformation™ Services while the balance came from ERP and other services. Overall, 71% of our business came from Digital.

All the above highlights are a reflection of Sonata's journey to reposition itself as a unique technology solutions provider that is committed to develop an emerging breed of platforms enabling its customers to gain a competitive advantage through the Company's future-ready digital transformation initiatives.

FINANCIAL OVERVIEW

Consolidated Financial Highlights:

Particulars	2021-22 (₹ in Lakhs)	2020-21 (₹ in Lakhs)	YoY Growth %
Total Income	565,535	425,583	33%
EBITDA	56,573	40,710	39%
Interest & Depreciation	6,537	5,496	19%
PAT After Non-Controlling Interest	37,643	24,396	54%
EPS (₹)	36.23	23.48	54%

1. Total Income

Total income increased by 33% from ₹ 425,583 lakhs in 2020-21 to ₹565,535 lakhs in 2021-22 largely owing to the increase in revenue from international IT services and domestic products & services.

2. EBITDA

The EBITDA margin stood at 10% in 2021-22.

3. Profit after Tax After Non - Controlling Interest

The Net Profit margin was at 7% in 2021-22.

4. Interest and Borrowings

The interest cost for the year 2021-22 is ₹ 1,805 lakhs, out of which interest expense on lease liability as per Ind AS 116 is ₹ 1,252 lakhs. The Company had a Net Cash balance of ₹ 87,161 lakhs (including investment in Mutual Funds and net of bank borrowing).

5. Capital Employed

The Capital Employed is ₹ 113,720 lakhs in 2021-22. The Return on Average Capital Employed (ROCE) for the year ended 31st March, 2022 was reported at 37%.

6. Net Worth

The Net Worth is ₹ 109,920 lakhs in 2021-22. The Return on Average Net Worth (RONW) for the year ended 31st March, 2022 was reported at 38%.

7. Fixed Assets

The Company's fixed assets which includes property, plant, equipment and goodwill is ₹ 32,132 lakhs as at March 31, 2022 and depreciation for the year is ₹ 2,378 lakhs.

8. Working Capital Management

Days sales outstanding for international IT services decreased from 50 Days in 2020-21 to 40 days in 2021-22.

Standalone Financial Highlights:

Particulars	2021-22 (₹ in Lakhs)	2020-21 (₹ in Lakhs)	YoY Growth %
Total Income	92,238	82,621	12%
EBITDA	30,656	27,891	10%
Interest & Depreciation	2,633	2,862	-8%
PAT	23,519	17,903	31%
EPS (Rs)	22.63	17.23	31%

1. Total Income

Income increased by 12% from ₹ 82,621 lakhs in 2020-21 to ₹ 92,238 lakhs in 2021-22.

2. EBITDA

EBITDA increased by 10% from ₹ 27,891 lakhs in 2020-21 to ₹ 30,656 lakhs in 2021-22.

3. Profit after Tax

Profit after Tax increased 31% from ₹ 17,903 lakhs in 2020-21 to ₹ 23,519 lakhs in 2021-22.

4. Interest and Borrowings

The interest cost for the year 2021-22 is ₹ 878 lakhs, out of which interest expense on lease liability as per Ind AS 116 is ₹ 828 lakhs. The Company had a Net Cash balance of ₹ 37,542 lakhs (including investment in Mutual Funds).

5. Capital Employed

The Capital Employed is ₹ 57,175 lakhs in 2021-22. The Return on Average Capital Employed (ROCE) for the year ended 31st March, 2022 was reported at 44%.

6. Net Worth

The Net Worth is ₹ 57 175 lakhs in 2021-22. The Return on Average Net worth (RONW) for the year ended 31st March, 2022 was reported at 43%.

7. Fixed Assets

The Company's fixed assets which include property, plant, equipment, and goodwill is ₹ 1,292 lakhs as at March 31, 2022, and depreciation for the year is ₹ 440 lakhs.

OUTLOOK

While 2020 saw lockdowns, travel restrictions, and inventions of ways to fight the virus, 2021 was about the reopening of the economy, huge labor shortages across industries, vaccine rollouts,

inflation, and geopolitical issues. Globally, all of us have started living in a new hybrid model. The journey has begun to resurge and revive from resilience with more technology and digitalization.

Sonata had another successful year with strong growth in both the segments it operates in – International IT Services and Domestic Products and Services – showcasing its tenacity. Demand continues to remain strong for us across our offerings.

In FY2023, ambitious growth will be key agenda for us. Despite several challenges we have had to face, a multitude of opportunities have been opening up and we are gearing up to meet them and deliver world-class client experience all around. We have successfully re-focused and renamed our competencies, transformed our learning and development efforts to upskill, match our digital focus and communicated about the growth engines we will use to execute our plans. Our focus on Platformation™ at the core and our industry led approach have started to pay off in these times when clients are looking to begin their digital journeys with us.

The Company continued to serve its clients and have also seized the opportunity to build innovative solutions, forge strategic partnerships, improve client relations and focus on employee wellness initiatives.

The engines that will drive Sonata's growth and value going forward are:

- Platformation™ as mainstream
- Penetrating existing client accounts with opportunities through cross-sell and up-sell
- Acquiring new clients for Platformation™ led Digital Transformation across verticals – Distribution, Retail, Travel, and ISVs
- Synergistically leveraging technology alliance partners, led by our very strong and deep Microsoft Alliance
- Grow IP & proprietary platform revenues through own and channel partners
- Continue to focus on digital infrastructure partnership
- Invest in new growth areas – cloud, security, sonata IP
- Continue to leverage internal operational efficiencies and cost reduction programs

Our customers look for partners who have the capability to take their existing investments and leverage the latest technology to transform their business. Sonata is well positioned with a deep understanding of our customers' business, their systems and processes. We will continue to focus on our strategy to be a digital transformation partner across core verticals, leveraging its IPs and specialized services in areas such as analytics, cloud, social, omnichannel commerce, and mobility. We will continue to expand our capabilities and invest in new innovative growth platforms in the coming year.





Risk & Concern

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 the economy or its diversity. The Company has a diversified geographical presence and has always maintained healthy and long - standing relationship with its clients in partnering them as their IT solution provider and adding value to their businesses. These have resulted in minimal impact to the overall business of the Company, and these mitigation strategies will endure
Foreign Currency Risk	Unfavourable currency fluctuations may adversely impact Company's earnings.	The Company uses foreign currency forward contracts to hedge risks involving foreign currency fluctuation. There is a periodic evaluation and consultation with appropriate professionals to validate the Company's hedging strategies.
Concentration Risk	The regional concentration as well as vertical concentration can adversely impact Company's business in case of a slowdown.	The Company continues to further diversify its business in terms of regional and vertical exposure on an ongoing basis.
Competition Risk	The Company operates in a competitive business environment. A loss of client can impact the regular cash flows.	The Company seeks to differentiate itself from its competitors with the following strong differentiated strategies: -Platformation™ approach which includes proprietary IP, frameworks, industry-specific trademark solution architecture components (MARCHITECTURE™), and digital library of processes - A strong and multidimensional alliance with Microsoft - Robust Financial structure The combination of IP, relationships, and financials create significant competition differentiators
Attrition Risk	Human capital plays a significant role in the IT services; attrition can lead to service and delivery failures.	The Company deploys best-in-class HR principles and practices to maintain a strong bonding between the Management and the employees. Employee engagement is high, with periodic engagement programs across levels within the organisation. Sonata's emphasis on its DNA (Deep Nurtured Attributes) coupled with exciting rewards and recognition, binds employees to the Company, keeping our attrition rates well within Industry averages.
Regulatory Risk	The Company operates across several nations viz. UK and US. Any change in law, regulations and taxation framework may affect the business operations. Further legislation in various countries in which the Company operates may impose restrictions on companies in those countries from outsourcing work to us, or may implement stricter immigration laws, or may limit our ability to send our employees to certain client sites.	The Company has a professional team in and outside India to mitigate this risk on a continuous basis. Issues of tax relate to litigations with Income Tax authorities in India on deduction/ exemption of profits derived from export of software under Section 10A of the Income-Tax Act, treatment of payments for purchase of software as 'royalty' and consequent denial of deductions for such payments on the basis that taxes have not been deducted at source, etc. Management is taking an active role in highlighting these issues and those faced by the Industry with Government Authorities through active representation. These initiatives outside of pure litigation have also helped in resolving long standing disputes.

Material Development in Human Resource

Sonata is a people-focused and talent conscious enterprise, operating in a competitive business environment. It considers its employees to have a competitive edge. To achieve leadership and scalable growth, the Company has aligned competencies of its human capital with technology enablement. The Company significantly invests in professional development and providing career development opportunities for its employees. A robust training and development framework, rewards and recognition systems, is aligned to the business to help them excel in their work.

The Company ended the year with a headcount of 5,158 which is an increase by 26 % compared to the previous year's headcount of 4,102.

Internal Control System

The Company has set up a proper and adequate and sound internal control system to safeguard the Group's assets and to enhance

shareholders' investment, as well as reviewing its adequacy and effectiveness of the said system.

The duty of reviewing the adequacy and effectiveness of the internal control system has been assigned to the Audit Committee ("AC"), to seek assurance on the adequacy and effectiveness of the internal control system through reports it receives from independent reviews conducted by the Internal Auditor.

The Company constantly reviews its processes and the systems with an aim to remain competitive and address the changing regulatory and business environment. The Control Systems provide a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets. The external auditors as well as the internal auditors periodically review the internal control systems, policies and procedures for their adequacy, effectiveness, and continuous operation for addressing risk management and mitigation strategies.

REPORT ON CORPORATE GOVERNANCE

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and hereby presents the following Corporate Governance Report for the Financial Year 2021-22 based on the said requirements.

I. A BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Sonata Software Limited ("the Company") is committed to good Corporate Governance. The fundamental objective of the Company's Corporate Governance is "enhancement of the long-term shareholder value while at the same time protecting the interests of other stakeholders without compromising on compliances of any laws and regulations."

II. BOARD OF DIRECTORS

Your Company's Board of Directors comprises of an optimum combination of professionals with expertise, diversity and Independence. The Board of Directors of your Company as on 31st March, 2022 comprised of six Directors of whom one is a Non-Executive Promoter Director, one is a Non-Executive Director, one is an Executive Director and three are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013 ("the Act"). The Chairman of the Board is an Independent Director.

None of the Directors on the Board holds directorships in more than seven listed companies or ten public companies or as Independent Director in more than seven listed companies. Further, none of them is a member of more than ten committees or Chairman of more than five committees across all the public companies in which he or she is a Director. None of the Directors are related to each other.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. The maximum tenure of each Independent Director is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria as mentioned under Regulation 16(1)(b) of the SEBI Listing Regulations read with Section 149(6) of the Act. In terms of Regulation 25(8) of SEBI Listing Regulations, they have confirmed that they are not aware of any circumstance or situation which exists or may be reasonably anticipated that

could impair or impact their ability to discharge their duties. Further, the Independent Directors have included their names in the data bank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014.

The Board is of the opinion that all the Independent Directors of the Company fulfill the conditions specified under Listing Regulations and are independent of the management of the Company. Further, all the Directors have confirmed that they are neither debarred nor disqualified from being appointed or continuing as Director by the Securities and Exchange Board of India /the Ministry of Corporate Affairs (MCA) or any such statutory authority. In the opinion of the board, the Independent Directors fulfil the conditions specified in the applicable regulations and are independent of the management. The Company has obtained a Certificate to this effect from Mr. Parameshwar G Hegde, Practising Company Secretary (CoP No: 640), Bengaluru, as mandated under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018.

Due to the exceptional circumstances caused by the COVID-19 pandemic and consequent relaxations granted by MCA and SEBI, all Committee's /Board meetings in FY 2021-22 were held through Video Conferencing.

During the Financial Year 2021-22, four meetings of the Board were held with a time gap of not more than one hundred and twenty days between any two consecutive meetings. These meetings were held on 12th May, 2021, 4th August, 2021, 19th October, 2021 and 17th January, 2022. The necessary quorum was present at all the meetings. The video-conferencing facilities were arranged for Directors for participating in Board and Committee's Meetings, in consonance with the applicable Laws and Regulations

During the Financial Year 2021-22, information as mentioned in Schedule II Part A of the Listing Regulations has been placed before the Board for its consideration. The Board obtains declarations from the respective functional heads confirming all the applicable Laws were complied with during the Financial Year under review.

In accordance with Section 149 read with Schedule IV to the Act, and Listing Regulations, a meeting of the Independent Directors was held during the Financial Year 2021-22 without the attendance of the Non-Independent Directors and members of the management.

During the year, familiarisation programme was imparted to all the Directors of the Board. Details of the familiarisation programme is available on the Company's website at www.sonata-software.com/about-us/investor-relations/corporate-governance

The names, designation, categories of the Directors and their shareholdings in the Company as on 31st March, 2022 are furnished below:

Name of the Director	Designation	Category	Equity shareholdings in the Company
Mr. Pradip P Shah (00066242)	Chairman	Independent Director	Nil
Mr. S B Ghia (00005264)	Director	Non-executive Director	5,000
Mr. Viren Raheja (00037592)	Director	Promoter, Non-Executive Director	82,50,000
Mr. P Srikar Reddy (00001401)	Managing Director & CEO*	Executive Director	12,01,500
Ms. Radhika Rajan (00499485)	Director	Independent Director	Nil
Mr. Sanjay K Asher (00008221)	Director	Independent Director	Nil

* CEO upto 7th April, 2022.



Details of Directors attendance during the Financial Year 2021-22 and at the last Annual General Meeting, number of Directorships in other Indian companies and committee memberships/Chairmanship held by them in Indian public companies as on 31st March, 2022 are furnished below:

Name of the Director	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Attendance at last AGM held on 16 th August, 2021	No. of Directorships held in other Indian Companies	No. of Committee Memberships/ Chairmanship held in other Indian Public companies*	
					As Chairman	As Member
Mr. Pradip P Shah	4	4	Yes	14	2	6
Mr. S B Ghia	4	4	Yes	2	4	1
Mr. Viren Raheja	4	4	Yes	11	0	3
Mr. P Srikar Reddy	4	4	Yes	3	0	3
Ms. Radhika Rajan	4	4	No	2	1	3
Mr. Sanjay K Asher	4	4	Yes	14	5	9

Note: *Includes only Committee Membership/Chairmanship of Audit Committee and Stakeholders' Relationship Committee.

Due to the exceptional circumstances caused by the COVID-19 pandemic and travel restrictions all Board meetings in FY 2022 were held through Video Conferencing.

List of Directorship held in other Listed Companies and the category of directorships

Name of the Director	Directorship in other listed entities	Category of Directorship
Mr. Pradip P Shah	Kansai Nerolac Paints Limited	Non-Executive - Independent Director, Chairperson
	Pfizer Limited	Non-Executive - Independent Director, Chairperson
	KSB Limited	Non-Executive - Independent Director, Chairperson
	BASF India Limited	Non-Executive - Independent Director, Chairperson
	Bajaj Auto Limited	Non-Executive - Independent Director
	Bajaj Holdings & Investment Limited	Non-Executive - Independent Director
Mr. S B Ghia	Futura Polyesters Limited	Managing Director
	Alkyl Amines Chemicals Limited	Non-Executive - Independent Director
Mr. Viren Raheja	Hathway Cable and Datacom Limited	Non-Executive - Non Independent Director
Mr. P Srikar Reddy	Visaka Industries Limited	Non-Executive - Independent Director
	Palred Technologies Limited	Non-Executive - Non Independent Director
Ms. Radhika Rajan	3M India Limited	Non-Executive - Independent Director
Mr. Sanjay K Asher	Meghmani Finechem Ltd	Non-Executive - Independent Director
	Deepak Nitrite Limited	Non-Executive - Independent Director
	Sudarshan Chemical Industries Limited	Non-Executive - Independent Director
	Tribhovandas Bhimji Zaveri Limited	Non-Executive - Independent Director
	Ashok Leyland Limited	Non-Executive - Independent Director
	Indusind Bank Limited	Non-Executive - Independent Director

Board Skill Matrix

Your Board had cautiously considered and identified an optimised mix of the Skills, Expertise, Competencies essentially required by the Company in the context of its sector. This was so done to ensure functioning of the business effectively and it has been confirmed that the Board has the required skills defined in the matrix provided below.

These attributes primarily and broadly are:

- General Management of Corporate Affairs, Corporate Governance
- General Information Technology and related fields; General IT Knowledge
- Law, Taxation, Finance, Foreign Exchange related
- Behavioural science
- Strategy Management
- Leadership abilities

In the table below, the specific areas of focus or expertise of individual Board members have been highlighted. However, the absence of a mark against a member's name does not necessarily mean the member does not possess the corresponding qualification or skill. Profile of all Directors available on the company's website at www.sonata-software.com.

Director	Area of expertise / skills /competence					
	Corporate Governance	General IT knowledge	Law/Tax/ Finance	Behavioural Science	Strategy management	Leadership abilities
Mr. Pradip P Shah	✓	✓	✓	✓	✓	✓
Mr. S B Ghia	✓	✓	✓	✓	✓	✓
Mr. Viren Raheja	✓	✓	✓	✓	✓	✓
Mr. P Srikar Reddy	✓	✓	✓	✓	✓	✓
Ms. Radhika Rajan	✓	✓	✓	✓	✓	✓
Mr. Sanjay K Asher	✓	✓	✓	✓	✓	✓

III. AUDIT COMMITTEE

The Audit Committee was constituted in accordance with the requirements of the statutes.

• Terms of Reference

The roles, responsibilities and the terms of reference of the Audit Committee inter-alia include the following:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
5. Review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively;
6. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by Management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Qualifications in the draft audit report.
7. Reviewing, with the management the quarterly financial statements before submission to the Board for approval;
8. Reviewing, with the management the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
9. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
10. Approval or any subsequent modification of transactions of the Company with related parties;
11. Scrutiny of inter-corporate loans and investments;
12. Valuation of undertakings or assets of the Company, wherever it is necessary;
13. Evaluation of internal financial controls and risk management systems;
14. Reviewing, with the management performance of statutory and internal auditors, adequacy of the internal control systems;
15. Reviewing, the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. Discussion with internal auditors of any significant findings and follow up there-on;
17. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
18. Discussion with Statutory Auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. To Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. To Review the functioning of the Whistle Blower mechanism;



21. Approval of appointment of CFO (i.e., Chief Financial Officer or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
22. Review the financial statements, internal audit reports, related party transactions and such other information as required under the Act or the Listing Regulations.

In addition to the above, the Audit Committee discharges all such other duties and functions generally indicated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Companies Act, 2013 and the Rules made thereunder.

During the Financial Year under review, the Audit Committee met Four times on 12th May, 2021, 4th August, 2021, 19th October, 2021 and 17th January, 2022.

A time gap of not more than one hundred and twenty days between any two consecutive meetings. The previous AGM of the Company was held on 16th August 2021 and was attended by Mr. Pradip P Shah, Chairman of the Audit Committee.

The Audit Committee generally invites the Chief Financial Officer, VP-Finance & Accounts and representatives of the Statutory Auditors and Internal Auditors to the meetings of the Audit Committee. The Company Secretary acts as Secretary to the Committee.

All the recommendations of the Audit Committee have been accepted by the Board of Directors.

Details of Composition and Attendance of the Audit Committee Meetings:

Name of the Director	Category	Position	Number of Audit Committee Meetings	
			Held during the tenure	Attended
Mr. Pradip P Shah	Independent Director	Chairman	4	4
Mr. S B Ghia	Non-executive Director	Member	4	4
Ms. Radhika Rajan	Independent Director	Member	4	4
Mr. Sanjay Asher	Independent Director	Member	4	4

IV. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee was constituted in accordance with the requirements of the statutes.

• Terms of Reference

The roles, responsibilities and the terms of reference of the Nomination and Remuneration Committee inter-alia include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a

description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may;

- a) use the services of an external agencies, if required;
 - b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
 - c) consider the time commitments of the candidates.
3. Devising a policy on diversity of Board of Directors;
 4. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every directors' performance;
 5. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
 6. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

In addition to the above, Nomination and Remuneration Committee discharges such duties and functions generally indicated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and Rules made thereunder.

During the Financial Year under review, the Nomination and Remuneration Committee met four times on 12th May, 2021, 4th August 2021, 19th October, 2021 and 17th January, 2022.

The previous AGM of the Company was held on 16th August 2021 and was attended by Mr. Sanjay Asher, Chairperson of the NRC.

• Details of Composition and Attendance of the Nomination and Remuneration Committee Meetings

Name of the Director	Category	Position	Number of Nomination and Remuneration Committee Meetings	
			Held during the tenure	Attended
Mr. Sanjay Asher	Independent Director	Chairman	4	4
Mr. S B Ghia*	Non-Executive Director	Member	3	3
Mr. Viren Raheja	Promoter, Non-Executive Director	Member	4	4
Mr. Pradip P Shah	Independent Director	Member	4	4

* Ceased to be a member of the Committee w.e.f 19th October, 2021

• Performance evaluation criteria

The Performance evaluation criteria of Independent Directors are determined by the Nomination and Remuneration Committee and the details of the same is provided in the Board's Report.

- Details of remuneration paid/payable to all the Directors during the Financial Year ended 31st March, 2022

(₹ in Lakhs)

Name	Salary & Perquisites	Commission & Sitting fees	Shares issued under ESOP	Details of service contracts, notice period & severance fees
Mr. Pradip P Shah	Nil	43	Nil	-
Mr. P Srikar Reddy	852	250	Nil	A new contract dated 25.11.2019 has been signed effective 14.02.2020 for a period of three years. The ESOPs will be granted as per the employment agreement dated 25.11.2019 Further the notice period is of six months and severance fees of ₹ 102 Lakhs spread over a period of 1 year 6 months.
Mr. S B Ghia	Nil	43.6	Nil	-
Mr. Viren Raheja	Nil	41.6	Nil	-
Ms. Radhika Rajan	Nil	43.2	Nil	-
Mr. Sanjay Asher	Nil	42.6	Nil	-

- Criteria for making payments to Non-Executive Directors**

The Shareholders at their meeting held on 13th August, 2018 had, by way of Special Resolution authorised the Board of Directors of the Company to pay commission to Non-Executive Directors in such amounts or proportions which cumulatively shall not exceed 1% of the net profits of the Company in any Financial Year.

Further, as authorized by the Board in the meeting held on 14th February 2012, all Non-Executive Directors are also being paid a sitting fee of Rs. 20,000/- for each meeting of the Board and Committee attended by them from Financial Year 2012-13 onwards.

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee was constituted in accordance with the requirements of the statutes.

- Terms of Reference**

The roles, responsibilities and the terms of reference of the Stakeholders' Relationship Committee inter-alia include the following:

- Resolve the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

During the Financial Year under review, the Stakeholders' Relationship Committee met four times on 11th May, 2021, 2nd August, 2021, 18th October, 2021 and 15th January, 2022.

The previous AGM of the Company was held on 16th August 2021 and was attended by Mr. S.B Ghia, Chairman of the SRC

- Details of Composition and Attendance of the Stakeholders Relationship Committee Meetings

Name of the Director	Category	Position	Number of Stakeholders Relationship Committee Meetings	
			Held during the tenure	Attended
Mr. S B Ghia	Non-executive Director	Chairman	4	4
Mr. P Srikar Reddy	Executive Director	Member	4	4
Ms. Radhika Rajan	Independent Director	Member	4	4

- During the Financial Year under review 63 investor grievances were received and all of them were successfully resolved.

The Board has appointed Ms. Mangal Kulkarni, Company Secretary, as the Compliance Officer, as required under the Listing Regulations and the Nodal Officer to ensure compliance with the IEPF rules.

VI. CORPORATE SOCIAL RESPONSIBILITY "CSR" COMMITTEE

The CSR Committee was constituted in accordance with the requirements of the statutes.

- Terms of Reference**

The roles, responsibilities and the terms of reference of the CSR Committee inter-alia include the following:

- Formulate and recommend to the Board, Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.



2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (1) above.
3. Monitor the Corporate Social Responsibility Policy of the Company from time to time by setting-up a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company.

The CSR Committee met three times during the Financial Year 2021-22 i.e., on 11th May, 2021, 2nd August 2021 and 15th January, 2022.

• **Details of Composition and Attendance of the CSR Committee Meetings**

Name of the Director	Category	Position	Number of Corporate Social Responsibility Committee Meetings	
			Held during the tenure	Attended
Ms. Radhika Rajan	Independent Director	Chairman	3	3
Mr. P Srikar Reddy	Executive Director	Member	3	3
Mr. S B Ghia	Non-executive Director	Member	3	3

VII. RISK MANAGEMENT COMMITTEE

Pursuant to Regulation 21 of the Listing Regulations, the Board of Directors has constituted the Risk Management Committee on 13th August, 2018. The composition of the Committee is in conformity with the Listing Regulations, with majority of members being Directors of the Company.

• **Terms of Reference**

The roles, responsibilities and the terms of reference of the Risk Management Committee inter-alia include the following:

1. To formulate a detailed risk management policy which shall include:
 - a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly ESG related risks), information, cyber security risks or any other risk as maybe determined by the Committee.
 - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
 - c. Business continuity plan.
- 2) To ensure that appropriate methodology, processes, and systems are in place to monitor and evaluate risks associated with the business of the Company;
- 3) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- 4) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

- 5) To keep the board of directors informed about the nature and content of its discussions, recommendations, and actions to be taken;
- 6) To review appointment, removal, and terms of remuneration of the Chief Risk Officer, if any.
- 7) To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.
- 8) To monitor and review the matters relating to cyber security.

The Risk Management Committee met two times during the Financial Year 2021-22 i.e., on 4th August, 2021 and 17th January 2022.

• **Details of Composition and Attendance of the Risk Management Committee Meetings**

Name of the Director	Category	Position	Number of Risk Management Committee Meetings	
			Held during the tenure	Attended
Mr. Pradip P Shah	Independent Director	Chairman	2	2
Mr. Viren Raheja	Promoter, Non-Executive Director	Member	2	2
Mr. P Srikar Reddy	Executive Director	Member	2	2

No extraordinary general meeting of the members was held during FY 2021-22.

Due to the exceptional circumstances caused by the COVID-19 pandemic and travel restrictions all Committee meetings in FY 2022 were held through Video Conferencing.

VIII. SHAREHOLDERS MEETINGS

• **Details of last three AGMs held:**

Financial Year	Date	Venue	Time
2018-19	07.08.2019	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, KaikhushruDubash Marg, Mumbai – 400 001	4.00 p.m.
2019-20	11.08.2020	Held through Videoconferencing / other Audio-visual means	4.00 p.m.
2020-21	16.08.2021	Held through Videoconferencing / other Audio-visual means	4.00 p.m.

• **Special Resolutions passed in the previous three AGMs**

- a) Financial year 2018-19 – Yes, following Special Resolutions were passed:

- i. Approval of appointment of Mr. Pradip P Shah as an Independent Director for second term.
- ii. Approval of appointment of Ms. Radhika Rajan as an Independent Director for second term.
- b) Financial year 2019-20 – Yes, following Special Resolutions were passed for:
 - i. Approval of appointment of Mr. Sanjay Asher as an Independent Director
 - ii. Approval of Re-appointment of Mr. P Srikar Reddy as the Managing Director and Chief Executive Officer of the Company
- c) Financial year 2020-21 – No, Special Resolutions were passed.
- None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

IX. MEANS OF COMMUNICATION

Quarterly results / other information

- The Quarterly, half-yearly and annual Financials Results of the Company are generally published in Business Standard (all India edition) and in Navshakti (Mumbai edition).
- The quarterly financial statements, press releases, shareholding pattern and presentations made to analysts/ institutional investors are posted on Company's website <http://www.sonata-software.com>.
- Presentations made to the institutional investors and financial analysts on the Company's financial results are uploaded on the Company's website.
- Your Company also sends quarterly financial updates to all the Shareholders whose e-mail IDs/addresses are registered/ available with the RTA and the Company.
- Frequently Asked Questions (FAQs) giving details about the Company and its shares is uploaded on the Company's website at www.sonata-software.com/about-us/investor-relations

X. GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

The ensuing Annual General Meeting of the Company will be held on Friday, 24th day of June, 2022 at 4.00 p.m. through Video Conferencing (VC) /Other Audio-Visual Means (OAVM). Pursuant to the MCA Circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020, January 13, and December 14, 2021 and SEBI Circular dated May 12, 2020, January 15, 2021 and May 5, 2022 which dispensed the requirement to conduct AGM at a venue for meetings scheduled in the calendar year 2022. For details of VC/ OAVM please refer to the Notice of this AGM.

2. Financial Year

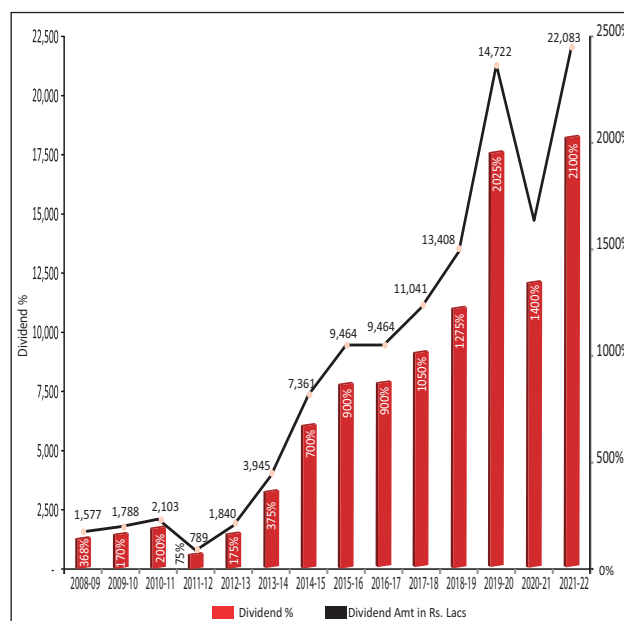
The financial year of the Company is from 1st April to 31st March every year.

3. Payment of Dividend

The Company paid interim dividend of ₹ 8.00/- per equity share (800%) on 19th October, 2021. The Company has recommended final dividend of ₹ 13 /- per equity share (1,300%) subject to the approval of the shareholders at the ensuing AGM.

4. Listing on Stock Exchanges & Stock Code

- (a) Your Company's equity shares are listed and traded on the following stock exchanges :



BSE Limited (BSE)

Phiroze Jeejeebhoy Towers Dalal Street, Fort
Mumbai – 400 001
Stock Code: 532221

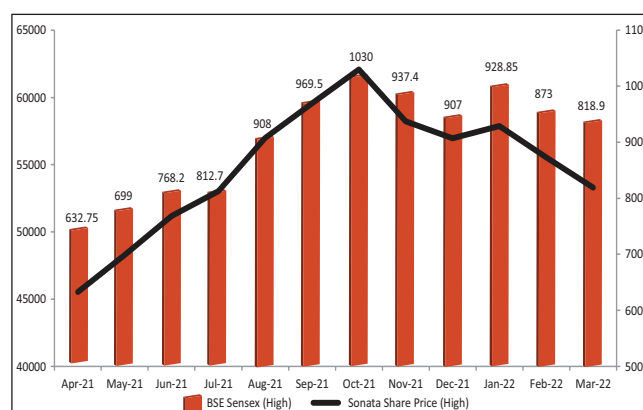
National Stock Exchange of India Ltd (NSE)

Exchange Plaza, 5th Floor, Plot No. C/1
G Block, Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051
Stock Code: SONATSOFTW

- (b) Listing fees for the financial year 2022-23 has been paid to the above-mentioned stock exchanges.
- (c) As on 31st March, 2022 your Company had 91,983 shareholders.

5. Stock Market Data

- (a) Market Capitalization as on 31st March, 2022: ₹ 7,781.79 Crores (Based on closing price in BSE)
- (b) Number of shares traded during FY 2021-22: BSE: 74.34 Lakhs & NSE: 737 Lakhs
- (c) The monthly high and low quotations of shares traded at BSE and NSE during financial year 2021-22 and performance in comparison with BSE Sensex are as given below: (Amount in ₹)



Month	BSE		NSE		BSE Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High	Low
Apr-21	632.75	514	634	512.55	50375.77	47204.5
May-21	699	559	699	565	52013.22	48028.07
Jun-21	768.2	654.7	768.95	653.95	53126.73	51450.58
Jul-21	812.7	708.35	813.45	730	53290.81	51802.73
Aug-21	908	780	908.8	780	57625.26	52804.08
Sep-21	969.5	828.85	960	828.35	60412.32	57263.9
Oct-21	1030	775.8	1024.9	775.5	62245.43	58551.14
Nov-21	937.4	732	939.9	735.05	61036.56	56382.93
Dec-21	907	780	905	780	59203.37	55132.68
Jan-22	928.85	779.3	926	786	61475.15	56409.63
Feb-22	873	689.8	874.75	689	59618.51	54383.2
Mar-22	818.9	729.2	819	727.8	58890.92	52260.82

6. Share Transfer System / Investor Service

As the Company's shares are traded in dematerialized form, transfer requests are processed and approved in electronic form by NSDL/CDSL through their depository participants.

A Practicing Company Secretary reviews on quarterly basis the Reconciliation of Share Capital as prescribed by SEBI and such report is placed before the Board and submitted

to the Stock Exchange also. The SEBI has specified that the shares of the Company would be traded only in demat form effective 29 November 1999. Further, the SEBI had vide its notification NO. SEBI/LAD-NRO/GN/2018/24 dated 8 June 2018 and a press release dated 3 December 2018, have restricted transfer of shares in physical form effective 1 April 2019 except in case of request received for transmission or transposition of securities. Further SEBI has fixed March 31, 2021 as the cut-off date for re-lodgement of transfer deeds and the shares that are re-lodged for transfer shall be issued only in demat mode. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Transfers of equity shares in electronic form are effected through the depositories with no involvement of the Company.

Details of complaints received and resolved from 1st April, 2021 to 31st March, 2022:

Complaints	Received	Attended to	Pending
Non-receipt of dividend	63	63	0
Non-receipt of Annual Report	0	0	0
Others	0	0	0
Total	63	63	0

7. Distribution of shareholding

(a) Distribution Schedule

Range of equity shares held	As on 31 st March, 2022				As on 31 st March, 2021			
	No. of share holders	% to total holders	No. of shares	% to total shares	No. of share holders	% to total holders	No. of shares	% to total shares
1-500	85789	91.15	5421704	5.16	65111	89.59	4706370	4.48
501-1000	4138	4.40	3247546	3.09	3598	4.95	2941333	2.80
1001-5000	3287	3.49	6953771	6.61	3078	4.24	6597174	6.27
5001-10000	408	0.43	2854418	2.71	395	0.54	2851660	2.71
Over 10001	497	0.53	86681867	82.43	496	0.68	88062769	83.74
Total	94119	100.00	105159306	100.00	72678	100.00	105159306	100.00

(b) Shareholding Pattern

Category	As on 31 st March, 2022				As on 31 st March, 2021			
	No. of share holders	% to total holders	No. of shares	% to total holders	No. of share holders	% to total holders	No. of shares	% to total holders
Promoters	7	0.01	29623450	28.17	7	0.01	29623450	28.17
Bodies Corporate	637	0.68	2685196	2.55	426	0.59	3191468	3.03
FII's / NRIs	2402	2.55	15904623	15.12	1839	2.53	16023022	15.24
FIIs/Mutual Funds/ Banks	26	0.03	15451215	14.69	23	23.00	13726998	13.05
Trusts	7	0.01	1345375	1.28	6	0.01	1286286	1.22
Clearing Members	69	0.07	92276	0.09	204	0.28	230589	0.22
Public	90971	96.65	40057171	38.09	70173	96.55	41077493	39.06
Total	94119	100.00	105159306	100	72678	100.00	105159306	100.00

8. Dematerialization of shares and liquidity

Your Company's shares are tradable only in electronic form. The Company has established connectivity with both the depositories viz., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) through Registrars and Share Transfer Agent KFin Technologies Ltd.

The International Securities Identification Number (ISIN) allotted to our shares under the Depository System is INE269A01021.

Details of Shares held in Physical and Electronic form:

Particulars	As on 31 st March, 2022		As on 31 st March, 2021	
	No. of Shares	% of holding	No. of Shares	% of holding
Physical	750780	0.71	796856	0.76
Electronic	104408526	99.29	104362450	99.24
Total	105159306	100.00	105159306	100.00

Number of Shares dematerialized during FY 2021-22: 46076 Shares.

Number of Shares rematerialized during FY 2021-22: NIL

9. The Company does not have any outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments.

10. Office Locations

The addresses and contact details of offices/locations are given elsewhere in the Annual Report.

11. The details of credit rating of the Company as at March, 31, 2022 is given below:

Instrument details	Amount (in million)	Rating
Fund based working capital	INR 1015	IND AA-/ Stable
Non fund based working capital	INR 880	IND A1+

12. Tentative financial calendar for FY 2022-23

Financial results for the first quarter ending 30 th June, 2022	July, 2022
Financial results for the second quarter ending 30 th September, 2022	October, 2022
Financial results for the third quarter ending 31 st December, 2022	January, 2023
Financial results for the financial year ending 31 st March, 2023	April, 2023
Annual General Meeting for the year ending 31 st March, 2023	July, 2023

13. Address and contact details of the Company and Share transfer agents

Company Secretary Sonata Software Limited APS Trust Building, Bull Temple Road N R Colony, Bangalore - 560 004, India Tel: (080) 67782669, Email: investor@sonata-software.com Website: www.sonata-software.com	KFin Technologies Limited (formerly known as KFin Technologies Pvt Limited) Registrars and Share Transfer Agents Karvy Selenium Tower B, Plot No.31-32 Gachibowli, Financial District Nanakramguda, Hyderabad - 500 032, India Tel: (040) 67161591 Fax: (040) 23420814 Email: einward.ris@kfintech.com Website: www.kfintech.com
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XI. OTHER DISCLOSURES

A. Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large.

None

B. Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange(s) or SEBI or any statutory authority, on any matter related to capital markets, during the last three financial years.

None

C. Vigil Mechanism

The Company has established and put in place a Vigil Mechanism which has been approved by the Board at its meeting held on 26th May, 2014 and subsequently revised by the Board at its meeting held on 9th February, 2016. This policy provides a secure framework to report genuine concerns about unethical behaviour, actual or suspected fraud, theft, bribery, misappropriation of Company funds, financial reporting violations, misuse of intellectual property, mismanagement, significant environmental, safety or product quality issues, discrimination or harassment including sexual harassment, insider trading, actual or potential conflicts of interest, violation of Company's rules, Company's policies or violation of Code of Conduct of the Company.

The said policy has been communicated to the employees and is also available on the Company's website. www.sonata-software.com/sites/default/files/financial-reports/2019-09/Sonata_Vigil_Mechanism.pdf

The Company affirms that no employee has been denied access to the Audit Committee during the Financial Year 2021-22.

D. Mandatory/Non-Mandatory Requirements

During the Financial Year 2021-22, the Company –

- has duly complied with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- has adopted the following non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
 - The Company has appointed separate persons to the post of Chairman and Managing Director. The Chairman of the Company is an Independent Director.
 - The Company allows a direct reporting of Internal Auditor to Audit Committee.

E. Web Link where Policy for Determining 'Material' Subsidiaries is given Below-

The Policy for determining 'material' subsidiaries is posted on Company's website www.sonata-software.com/sites/default/files/financial-reports/2019-09/policy-on-determining-material-subsidiaries.pdf



F. Web Link where Policy on dealing with Related Party Transactions is given Below-

The policy on dealing with related party transactions is posted on Company's website www.sonata-software.com/sites/default/files/financial-reports/2019-09/related-party-transaction-policy.pdf

G. Disclosure of Commodity Price Risk and Commodity Hedging Activities

Your Company does not have commodity price risk being in the IT sector and hence no commodity hedging is done.

The foreign exchange risk is covered under MDA Report.

H. Details of Utilisation of Fund

During the year your Company has not raised any fund through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) SEBI Listing Regulations.

I. Certificate from Company Secretary in Practice

The Company has obtained a certificate from Mr. Parameshwar G Hegde, Company Secretary in practice, as required under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018, that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority. A certificate to this effect, duly signed by the Practising Company Secretary is annexed to this Report.

J. Where the Board had not accepted any recommendations of any committee of the board which is mandatorily required, in the relevant financial year:

None.

K. Auditors Remuneration :

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm / network entity of which the statutory auditor is a part, are as follows:

Particulars	Amount
Remuneration for audit of the Company and its subsidiaries	1,24,00,000
Remuneration for other services	-
Re-imbursment of out- of pocket expenses	-
Total	1,24,00,000

L. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

- number of complaints filed during the financial year: **Nil**
- number of complaints disposed of during the financial year: **Nil**
- number of complaints pending as on end of the financial year: **Nil**

XII. NON-COMPLIANCE OF ANY REQUIREMENT OF THE CORPORATE GOVERNANCE REPORT OF SUB- PARAS (2) TO (10) OF PART C OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015, WITH REASONS SHALL BE DISCLOSED

The Company has complied with all the requirements of the Corporate Governance report of sub- paras (2) to (10) of part C of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

XIII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODES

The Company has complied with the Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015,

XIV. DECLARATION

I, P Srikar Reddy, Managing Director (and CEO upto 7th April, 2022) of Sonata Software Ltd, to the best of my knowledge and belief, hereby declare that all the Directors on the Boards and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Financial Year ended 31st March, 2022.

XV. TRANSFER OF UNCLAIMED / UNPAID AMOUNTS TO THE INVESTOR EDUCATION AND PROTECTION FUND ("IEPF")

Pursuant to the applicable provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ('the Rules'), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also require to be transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends. Further, the corresponding shares are transferred as per the requirement of the rules, details of which are provided on our website, at www.sonata-software.com. Members who have not yet encashed their dividend warrant(s) pertaining to the final dividend for the financial year 2014-15 and onwards are requested to make their claims without any delay.

The members who have a claim on above dividends and shares may claim the same from IEPF Authority by submitting an online application in web Form No. IEPF-5 available on the website www.iepf.gov.in and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in the Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend / shares so transferred.

Pursuant to Section 124(6) of the Companies Act, 2013, read with the Investor Education and Protection Fund Authority (Accounting Audit Transfer and Refund) Rules 2016 as amended by the Ministry of Corporate Affairs with effect from 28th February, 2017 ("the Rules"), in case the beneficial owner has not encashed dividend warrant(s) during the last seven years, shares pertaining to such beneficial owners shall be required to be transferred to the Fund established by the Authority. Shareholders are therefore requested to contact Kfin Technologies Private Limited, Registrar and Share Transfer Agent with respect to their unclaimed dividends.

CEO/CFO Certification

To

The Board of Directors
Sonata Software Limited
Mumbai

We, P Srikar Reddy, Managing Director & CEO* and Jagannathan C N, CFO of Sonata Software Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2022 and:
 - (i) These Financial Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These Financial Statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;
- (b) There is, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31st March, 2022 which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and Audit committee that for the year ended 31st March, 2022, there were:
 - (i) No significant changes in internal control over financial reporting during the year;
 - (ii) No significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) No instances of significant fraud of which we have become aware and there has been no involvement therein of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.
- (e) the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

P Srikar Reddy
Managing Director
DIN: 00001401

Jagannathan C N
Chief Financial Officer

Place: Bengaluru
Date: 29 April, 2022

* CEO upto 7th April, 2022.





Corporate Governance Compliance Certificate

(Pursuant to Schedule V (C) to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members,
Sonata Software Limited,
208 T V Indl Estate, 2nd Floor, S. K. Ahire Marg,
Worli, Mumbai- 400030
Maharashtra, India

We have examined the compliance of conditions of Corporate Governance by Sonata Software Limited (CIN: L72200MH1994PLC082110) ("the Company"), as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") for the financial year ended March 31, 2022.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the review of procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Regulations. This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

On the basis of our findings from the examination of the records produced and explanations and information furnished to us and the representation made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the financial year ended March 31, 2022.

Place: Bengaluru
Date: April 28, 2022

**P G Hegde
Hegde & Hegde
Company Secretaries
FCS:1325 / C.P.No: 640
UDIN: F001325D000197686**

Certificate of Non-Disqualification of Directors

(Pursuant to clause 10 of Part C of Schedule V of LODR)

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of The Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR"); in respect of **SONATA SOFTWARE LIMITED** (CIN:L72200MH1994PLC082110) I hereby certify that:

On the basis of the written representation/declaration received from the directors and taken on record by the Board of Directors, as on March 31, 2022, none of the directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such Statutory Authority.

Place: Bengaluru
Date: April 28, 2022

**P G Hegde
Hegde & Hegde
Company Secretaries
FCS:1325 / C.P.No: 640
UDIN: F001325D000197741**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SONATA SOFTWARE LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of SONATA SOFTWARE LIMITED (the "Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, and its annexures Management Discussion and Analysis, and Report on Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge

obtained during the course of our audit or otherwise appears to be materially misstated.

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

Management's Responsibilities for the Standalone Financial Statements

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

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in Note 43 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
 - (b) The Management has represented that, to the best of its knowledge and belief, as disclosed in note 43 to the financial statements, no funds

- have been received by the Company from any person(s) or entity(ies), including foreign entities;
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. As stated in Note 37 to the standalone financial statements
- (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
- (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.
- (c) The Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No.110128)
UDIN: 22110128AICNEH5502

Place: Bengaluru
Date: April 29, 2022





ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SONATA SOFTWARE LIMITED of even date)

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

We have audited the internal financial controls over financial reporting of SONATA SOFTWARE LIMITED (the "Company") as of March 31, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively

as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner

Place: Bengaluru
Date: April 29, 2022

(Membership No.110128)
UDIN: 22110128AICNEH5502

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SONATA SOFTWARE LIMITED of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - (B) The Company does not hold any intangible assets, reporting under clause 3(i) (b) of the Order is not applicable.
 - (b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) Based on our examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date.
 - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year.
 - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given

to us, the quarterly returns or statements comprising (stock statements, book debt statements and other stipulated financial information) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

- iii. The Company has made investments in, companies, and granted unsecured loans to other parties, during the year, in respect of which:
 - (a) The Company has provided loans or advances in the nature of loans, stood guarantee, or provided security during the year and details of which are given below:

(₹ in Lakhs)

	Loans	Advances in nature of loans	Guarantees	Security
A. Aggregate amount granted / provided during the year:				
- Subsidiaries	6,280	-	-	-
- Others	-	-	-	-
B. Balance outstanding as at balance sheet date in respect of above cases:				
- Subsidiaries	-	-	36,500	-
- Others	-	-	-	-

- (b) In our opinion, the investments made, guarantees provided and the terms and conditions of the grant of the above mentioned loans and guarantees provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (c) In respect of loans granted or advances in the nature of loans provided by the Company, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are regular as per stipulation.
- (d) According to information and explanations given to us and based on the audit procedures performed, in respect of loans granted and advances in the nature of loans provided by the Company, there is no overdue amount remaining outstanding as at the balance sheet date.
- (e) No loan or advance in the nature of loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same parties.
- (f) The Company has granted loans or advances in the nature of loans which are repayable on demand during the year, details of which are given below:



	All Parties	Promoters	Related Parties*
Aggregate of loans/ advances in nature of loans		-	6,280
• Repayable on demand			
Percentage of loans/ advances in nature of loans to total loans	-	-	100

* The amounts reported are at gross amounts, without considering provision made.

- iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.

Name of the statute	Nature of dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount ₹ lakhs
Income Tax Act, 1961	Income Tax	High Court	AY 2006-07 and 2007-08	4,570
	Income Tax	Appellate Authority upto ITAT Level	AY 2011-2012	2,275
Finance Act, 1994	Service Tax, Penalty and Interest there on	Appellate Authority upto Central Excise and Service Tax Appellate Tribunal	FY 2006-07 to 2012-13	1,028

- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries.

- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.

- vii. In respect of statutory dues:

- a. Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.

- b. Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2022 on account of disputes are given below:

- (f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the Management, there were no whistle blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and

Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No.110128)

UDIN: 22110128AICNEH5502

Place: Bengaluru
Date: April 29, 2022



**BALANCE SHEET** as at March 31, 2022

₹ in Lakhs

	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	1,010	1,074
Right-of-use assets	39	5,734	7,049
Capital work-in-progress	3.2	1	11
Goodwill		282	282
Financial assets	4		
Investments	4.1	6,389	5,285
Other financial assets	4.2	1,761	1,813
Deferred tax assets (net)	17	1,512	1,699
Other non-current assets	5	5,152	4,703
Total non-current assets		21,841	21,916
Current assets			
Financial assets	6		
Investments	6.1	7,900	4,507
Trade receivables	6.2	15,283	19,158
Cash and cash equivalents	6.3	27,848	26,040
Bank balances other than above	6.4	2,272	2,047
Loans	6.5	-	180
Other financial assets	6.6	4,108	3,429
Other current assets	7	1,077	977
Total current assets		58,488	56,338
Total assets		80,329	78,254
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	1,039	1,039
Other equity	9	56,136	51,913
Total equity		57,175	52,952
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Lease liabilities	10	5,283	6,423
Total non-current liabilities		5,283	6,423
Current liabilities			
Financial liabilities			
Trade payables	11		
Total outstanding dues of micro enterprises and small enterprises	25	39	37
Total outstanding dues of creditors other than micro enterprises and small enterprises		10,013	9,283
Lease liabilities	12	1,862	1,788
Other financial liabilities	13	978	817
Other current liabilities	14	1,679	3,426
Provisions	15	1,228	1,433
Current tax liabilities (net)	16	2,072	2,095
Total current liabilities		17,871	18,879
Total equity and liabilities		80,329	78,254

See accompanying notes to the financial statements

As per our report of even date attached**For Deloitte Haskins & Sells LLP**Chartered Accountants
(Firm's Registration No. 117366W/W-100018)**Gurvinder Singh**Partner
(Membership No. 110128)
Bengaluru**For and on behalf of the Board of Directors****Pradip P Shah**
Chairman
Mumbai**P Srikar Reddy**
Managing Director
Bengaluru**Jagannathan C N**
Chief Financial Officer
Bengaluru**R Sathyanarayana**
VP - Finance & Accounts
Bengaluru**Mangal Krishnarao Kulkarni**
Company Secretary
Bengaluru

Date : April 29, 2022

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2022

₹ in Lakhs

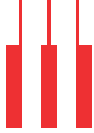
	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
REVENUE			
Revenue	18.1	75,814	78,141
Other income	18.2	16,424	4,480
Total income		92,238	82,621
EXPENSES			
Purchase of stock-in-trade (traded goods)		9,468	6,074
Employee benefit expense	19	41,499	41,333
Finance costs	20	878	972
Depreciation and amortization expense	3 & 39	1,755	1,890
Other expenses	21	10,615	7,323
Total expenses		64,215	57,592
Profit before tax		28,023	25,029
Tax expense			
Current tax expense	16	4,197	5,904
Provision for tax relating to prior years	16	-	1,485
Deferred tax	17	307	(263)
Net tax expense		4,504	7,126
Profit for the year		23,519	17,903
Other Comprehensive Income			
1 (a) Items that will not be reclassified to profit/(loss)		(933)	(66)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		149	15
		(784)	(51)
2 Items that will be reclassified to profit/(loss)			
(a) Exchange differences in translating the financial statements of foreign operations		(14)	131
(b) Fair value changes on derivatives designated as cash flow hedge, net		201	2,423
(c) Income tax relating to Items that will be reclassified to profit/(loss)		(30)	(576)
		157	1,978
Total		(627)	1,927
Total Comprehensive Income		22,892	19,830
Earnings per share - (on ₹ 1 per share)			
Basic	35	22.63	17.23
Diluted	35	22.62	17.23

See accompanying notes to the financial statements

As per our report of even date attached**For Deloitte Haskins & Sells LLP**Chartered Accountants
(Firm's Registration No. 117366W/W-100018)**Gurvinder Singh**Partner
(Membership No. 110128)
Bengaluru**For and on behalf of the Board of Directors****Pradip P Shah**
Chairman
Mumbai**P Srikar Reddy**
Managing Director
Bengaluru**Jagannathan C N**
Chief Financial Officer
Bengaluru**R Sathyanarayana**
VP - Finance & Accounts
Bengaluru**Mangal Krishnarao Kulkarni**
Company Secretary
Bengaluru

Date : April 29, 2022



**CASH FLOW STATEMENT** for the year ended March 31, 2022

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	28,023	25,029
Adjustments for :		
Depreciation and amortization expense	1,755	1,890
Finance costs	865	972
Impairment loss recognised on trade receivables and bad written off	(300)	390
Provisions/ liabilities no longer required written back	(1,264)	(160)
Lease payment concessions	(138)	(124)
Interest on financial assets at amortized cost	(42)	(57)
Interest from fixed deposits/margin money with banks	(1,347)	(794)
Interest from inter-corporate deposits	(41)	(13)
Dividend income from long-term investments in subsidiaries	(10,808)	(2,894)
(Gain) / loss on sale of fixed assets / scrapped	-	22
Net (gain) on valuation of current investments	(309)	(205)
Expenses on employee stock based compensation	34	(53)
Exchange (gain)/loss on revaluation of investments	31	(178)
Unrealized foreign exchange gain (net)	(21)	(981)
Operating profit before working capital changes	16,438	22,844
Adjustments for :		
Decrease/(increase) in trade receivables	4,552	3,339
Decrease/(increase) in other financial assets-current	(192)	185
Decrease/(increase) in other financial assets non-current	27	(17)
Decrease/(increase) in other non-current assets	307	(188)
Decrease/(increase) in other current assets	(99)	(88)
(Decrease)/increase in other financial liabilities non-current	(893)	(924)
(Decrease)/increase in trade payables	1,926	1,722
(Decrease)/increase in other financial liabilities	155	270
(Decrease)/increase in other current liabilities	(2,681)	(23)
(Decrease)/increase in provisions	(206)	(165)
Cash generated from operations	19,334	26,955
Direct taxes/advance tax paid (net)	(4,977)	(8,158)
Net cash from operating activities	(A) 14,357	18,797

CASH FLOW STATEMENT for the year ended March 31, 2022

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(373)	(92)
Proceeds from sale of fixed assets	-	4
Purchase of Non-current investments	(356)	-
Purchase of investments	(41,041)	(21,999)
Proceeds from sale of investments	38,071	18,180
Bank balances not considered as Cash and cash equivalents	(224)	(191)
Interest received	798	415
Dividend received from subsidiary	10,808	2,894
Inter corporate deposit to subsidiary (net)	180	41
Net cash flow from / (used in) investing activities (B)	7,863	(748)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment on lease liabilities	(1,689)	(1,621)
Dividends paid on equity shares	(18,693)	(4,065)
Finance costs	(37)	(15)
Net cash flow used in financing activities (C)	(20,419)	(5,701)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	1,801	12,348
Opening Cash and cash equivalents	26,040	13,762
Exchange difference on translation of foreign currency Cash and cash equivalents	7	(70)
Closing Cash and cash equivalents	27,848	26,040
Cash and cash equivalents at the end of the year comprises:		
Balances with banks		
In current accounts	702	1,000
In EEFC accounts	995	350
In demand deposit accounts	26,151	24,690
	27,848	26,040

See accompanying notes to the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner
(Membership No. 110128)
Bengaluru

For and on behalf of the Board of Directors

Pradip P Shah
Chairman
Mumbai

P Srikar Reddy
Managing Director
Bengaluru

Jagannathan C N
Chief Financial Officer
Bengaluru

R Sathyanarayana
VP - Finance & Accounts
Bengaluru

Mangal Krishnarao Kulkarni
Company Secretary
Bengaluru

Date : April 29, 2022





STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

(a) Equity share capital

₹ in Lakhs

Balance as at April 1, 2020	1,039
Add: Shares issued on exercise of employee stock option	-
Balance as at March 31, 2021	1,039
Balance as at April 1, 2021	1,039
Add: Shares issued on exercise of employee stock option	-
Balance as at March 31, 2022	1,039

(b) Other equity

₹ in Lakhs

	Reserves and Surplus (Refer note 9)					Items of Other Comprehensive Income (Refer note 9)		Total Other Equity
	Securities premium Reserve	General reserve	ESOP Reserve	Retained Earnings	Remeasure- ment of the defined ben- efit plans	Effective Portion of cash flow hedges	Foreign Currency translation reserve	
Balance as at April 1, 2020	4,493	8,292	284	25,677	(754)	(1,632)	(71)	36,289
Profit for the year				17,903				17,903
Other Comprehensive Income (net of tax)					(51)	1,877	101	1,927
Total comprehensive income for the year				17,903	(51)	1,877	101	19,830
Employee share based payments	3		(53)					(50)
Payment of cash dividends				(4,156)				(4,156)
Balance as at March 31, 2021	4,496	8,292	231	39,424	(805)	245	30	51,913
Balance as at April 1, 2021	4,496	8,292	231	39,424	(805)	245	30	51,913
Profit for the year				23,519				23,519
Other Comprehensive Income (net of tax)					(784)	169	(12)	(627)
Total comprehensive income for the year				23,519	(784)	169	(12)	22,892
Employee share based payments	-		34					34
Payment of cash dividends				(18,703)				(18,703)
Balance as at March 31, 2022	4,496	8,292	265	44,240	(1,589)	414	18	56,136

See accompanying notes to the financial statements

As per our report of even date attached**For Deloitte Haskins & Sells LLP**Chartered Accountants
(Firm's Registration No. 117366W/W-100018)**Gurvinder Singh**Partner
(Membership No. 110128)
Bengaluru

Date : April 29, 2022

For and on behalf of the Board of Directors**Pradip P Shah**
Chairman
Mumbai**P Srikar Reddy**
Managing Director
Bengaluru**Jagannathan C N**
Chief Financial Officer
Bengaluru**R Sathyanarayana**
VP - Finance & Accounts
Bengaluru**Mangal Krishnarao Kulkarni**Company Secretary
Bengaluru

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. COMPANY OVERVIEW

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

The Company is a public limited company incorporated and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. The Company is listed on The National Stock Exchange of India Limited and BSE Limited. The financial statements are approved for issue by the Company's Board of Directors on April 29, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance

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

b. Basis of measurement

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

c. Use of judgement, estimates and assumptions

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

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

i) Income taxes

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

ii) Liability towards acquisition of businesses

The Contingent consideration representing liability towards acquisition of business is reassessed at every reporting date. Any increase or decrease in the probability of achievement of financial targets would impact the measurement of the liability. Appropriate changes in estimates are made when the management becomes aware of the circumstances surrounding such estimates.

iii) 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.

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.

The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecast transaction.



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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional and presentation currency

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

b. Investment in subsidiaries

Investment in subsidiaries is measured at cost. Dividend income from subsidiaries is recognised when its right to receive the dividend is established.

c. Property, plant and equipment

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

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

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

d. 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.

e. 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 an 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.

f. 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, 2020.

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 ₹ 500,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

g. 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.

Derivative financial instruments and hedging activities

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company enters into derivative contracts to hedge the risks asserted with currency fluctuations relating to firm commitments and highly probable transactions. The Company does not use derivative instruments for speculative purposes.



The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The ineffective portion of changes in the fair value of the derivative is recognised in the Statement of Profit and Loss.

Amounts accumulated in hedging reserve are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss.

The full fair value of a hedging derivative is classified as a current/ non-current, asset or liability based on the remaining maturity of the hedged item.

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Statement of Changes in Equity is 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.

h. Employee Benefits

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

Provident Fund: Employees receive benefits from government administered provident fund, which is a defined contribution plan. The employer and employees each make periodic contributions to the government administered provident and pension funds. The Company has no further obligations to the fund beyond its monthly contributions.

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

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

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

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

Short-term employee benefits

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

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

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

i. Provisions

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

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

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

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

j. Income Taxes

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

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

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

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

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

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

k. Cash flow Statement:

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

l. Revenue Recognition

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

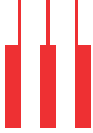
a) Time and materials contracts

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

b) Fixed-price contracts

Revenues from fixed-price contracts are recognized using the "percentage-of-completion" method. Percentage of completion is determined based on project costs incurred to date as a percentage of total estimated project costs required to complete





the project. The cost expended (or input) method has been used to measure progress towards completion as there is a direct relationship between input and productivity.

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

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

c) 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.

When another party is involved in providing goods or services to the customer, the entity determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the entity is an agent). The entity determines whether it is a principal or an agent for each specified good or service promised to the customer. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer. Company recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. Company recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

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.

m. Government grants:

Grants from the Government are recognised by the company when there is reasonable assurance that the conditions attached to the grant will be complied and it will be received.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. The grant pertaining to an asset is recognized as income over the expected useful life of the asset.

n. Dividend and dividend distribution tax:

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees to the share holders after deducting the taxes at applicable rates.

o. 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.

p. Finance Income and expense

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

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

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

q. Share based payments

Employees of the Company receive remuneration in the form of cash settled share based transaction, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments are granted by the Employee Welfare Trust.

The expense is recognized in the Statement of Profit and Loss with a corresponding increase to the share based payment reserve, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization).

The fair value of the amount payable to the employees in respect of Stock Appreciation Rights (SAR), which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR plan. Any changes in the liability are recognized in Statement of Profit and Loss.

r. Impairment

a) Financial assets :

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

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

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

b) Non-financial assets

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

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

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

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

s. 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.

t. 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.

u. 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.

v. 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

3.1 Property, Plant and Equipment

₹ in Lakhs

	Buildings	Office equipments	Leasehold improvements	Furniture and fixtures	Plant and equipments	Vehicles	Total
Gross carrying value (Deemed cost)							
As at April 1, 2020	115	434	642	314	1,757	168	3,430
Additions	-	2	8	3	21	-	34
Disposals	-	(34)	(242)	(156)	(17)	(7)	(456)
Translation adjustments	-	1	-	-	(3)	-	(2)
As at March 31, 2021	115	403	408	161	1,758	161	3,006
As at April 1, 2021	115	403	408	161	1,758	161	3,006
Additions	-	8	3	3	363	-	377
Disposals	-	-	-	-	-	-	-
Translation adjustments	-	-	-	-	-	-	-
As at March 31, 2022	115	411	411	164	2,121	161	3,383
Accumulated depreciation							
As at April 1, 2020	10	282	530	169	720	98	1,809
Charge for the year	2	51	27	29	421	22	552
Depreciation on disposals	-	(32)	(233)	(143)	(17)	(6)	(431)
Translation adjustments	-	1	-	-	1	-	2
As at March 31, 2021	12	302	324	55	1,125	114	1,932
As at April 1, 2021	12	302	324	55	1,125	114	1,932
Charge for the year	2	29	23	21	350	15	440
Depreciation on disposals	-	-	-	-	-	-	-
Translation adjustments	-	-	-	1	-	-	1
As at March 31, 2022	14	331	347	77	1,475	129	2,373
Net carrying value							
As at March 31, 2022	101	80	64	87	646	32	1,010
As at March 31, 2021	103	101	84	106	633	47	1,074

3.2 Capital work-in-progress

The table below provides details regarding ageing for Capital Work-In-Progress (CWIP)

₹ in Lakhs

	For a period of				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022	1	-	-	-	1
As at March 31, 2021	11	-	-	-	11

4.1 Investments

Trade, Long-term, unquoted and at cost In subsidiary companies

	₹ in Lakhs	
	As at March 31, 2022	As at March 31, 2021
Investment in equity instruments (Unquoted)		
3,375,394 Equity shares of ₹ 10/- each in Sonata Information Technology Limited (fully paid) (As at March 31, 2021 - 3,375,394 Equity shares of ₹ 10/- each (fully paid))	338	338
300,000 Equity shares of 1 US Dollar each in Sonata Software North America Inc., (fully paid) (As at March 31, 2021 - 300,000 Equity shares of 1 US Dollar each - (fully paid))	122	122
2 Equity shares of Euro 12,500 each in Sonata Software GmbH, Germany (fully paid) (As at March 31, 2021 - 2 Equity shares of Euro 12,500 each (fully paid))	32	32
800 Equity shares of 1 Pound each in Sonata Europe Limited, UK (fully paid) (As at March 31, 2021 - 800 Equity shares of 1 Pound each (fully paid))	1	1
500 Equity shares in Sonata Software FZ LLC of 1,000 AED each (fully paid) (As at March 31, 2021 - 500 Equity shares of 1,000 AED each (fully paid))	66	66
98 Equity shares in Sonata Software (Qatar) LLC of 1,000 QAR each (fully paid) (As at March 31, 2021 - 98 Equity shares of 1,000 QAR each (fully paid))	12	12
2 Equity shares in Sonata Australia Pty. Ltd. (formerly known as Scalable Data Systems Pty. Ltd.) of 1 AUD each (fully paid) (As at March 31, 2021 - 2 Equity shares of 1 AUD each (fully paid))	2,237	2,237
10,000 Equity shares in Sonata Software Solutions Ltd. of ₹ 10 each (fully paid) (As at March 31, 2021 - 10000 Equity shares of ₹ 10 each (fully paid))	1	1
999 Equity shares in Encore IT Services Solutions Private limited. of ₹ 100 each (fully paid) (As at March 31, 2021 - Nil)	893	-
Investments carried at fair value through profit & loss:		
Investment in preference shares (Unquoted)		
2,459,560 - 2% non-cumulative convertible redeemable preference shares of 1 Pound each in Sonata Europe Limited, UK (fully paid) (As at March 31, 2021 - 2,459,560 shares of 1 Pound each (fully paid))	2,446	2,476
Investments in PSU Bonds (Quoted)		
Investments in PSU Bonds	241	-
Total	6,389	5,285
Aggregate carrying amount of unquoted investments	6,148	5,285

Sonata Software Limited has acquired investment in securities of Infrastructure Leasing and Financial Services Limited having fair value of ₹ Nil on surrender of exemption granted to the Employees Provident Fund Trust (Trust) and transferring the provident fund accumulation of employees to the Employees' Provident Fund Organisation (EPFO), Mumbai. The Company has funded ₹1,672 Lakhs (₹ 122 Lakhs in the current year) towards the losses incurred by the Trust



**4.2 Other financial assets**

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good unless otherwise stated		
Net investment in Sub-lease of ROU asset (Refer note 39)	251	289
Security deposits	1,510	1,524
Total	1,761	1,813

5. Other non-current assets

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good unless otherwise stated		
Other deposits	15	15
Prepaid expenses	76	394
Advance Tax (net of provision for tax ₹ 32,256 (for March 31, 2021 ₹ 28,067))	5,047	4,290
Other recoverables	14	4
Total	5,152	4,703

6.1 Investments

Investments carried at fair value through profit & loss:

₹ in Lakhs

	As at March 31, 2022		As at March 31, 2021	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Investments in mutual funds (Quoted)				
Aditya Birla Sunlife Money Manager Fund	168,698	504	719,350	2,066
Aditya Birla Sun Life Overnight Fund-Direct Plan-Growth	52,305	601		-
Axis Money Market	44,969	518		-
Axis Liquid Fund Direct Growth	1,459	34		-
Axis Overnight Fund - Direct Plan - Growth Option	49,231	553		-
ABSL Savings Fund	253,352	1,128		-
HDFC UST Fund	891,723	111		-
HDFC Overnight Fund - Growth Option - Direct Plan	9,528	301		-
ICICI Prudential Money Market Fund		-	649,908	1,919
ICICI Prudential Short term fund - Growth Option	1,137,375	544	1,137,375	522
Tata Money Market Fund- Direct Plan- Growth	47,532	1,818		-
Tata Liquid Fund - Direct Plan Growth	11,423	384		-
IDFC G - Sec Investment Fund	1,333,916	407		-
UTI Money Market Fund Direct Growth	28,596	713		-
DSP Overnight Fund-Direct Plan-Growth	17,573	200		-
		7,816		4,507
Investments in PSU Bonds (Quoted)				
Investments in PSU Bonds		84		-
Total		7,900		4,507

6.2 Trade receivables

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured		
Considered good*	15,283	19,158
Considered doubtful	436	736
	15,719	19,894
Less : Allowances for credit losses	436	736
Total	15,283	19,158

* Include dues from related party (Refer note 38)

Movement in expected credit loss allowance

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	736	323
Movement in Expected Credit Loss allowance on Trade Receivables calculated at lifetime Expected Credit Loss	(300)	413
Provision at the end of the year	436	736

Expected Credit Loss

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed.

Trade receivable ageing schedule

₹ in Lakhs

	Outstanding for the following period from due date of payments						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - Considered Good							
As at March 31, 2022	11,522	3,921	96	47	109	24	15,719
As at March 31, 2021	17,224	2,447	199	-	24	-	19,894

6.3 Cash and cash equivalents

₹ in Lakhs

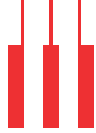
	As at March 31, 2022	As at March 31, 2021
Balances with banks		
In current accounts	702	1,000
In EEFC accounts	995	350
In demand deposit accounts	26,151	24,690
Total	27,848	26,040

6.4 Bank balances other than above

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
In fixed deposit accounts	1,726	1,514
In earmarked accounts		
Unpaid dividend accounts	478	467
Balance held as margin money for issue of guarantees by bank	68	66
Total	2,272	2,047



**6.5 Loans**

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Loans and advances to related parties		
Inter-corporate deposits (Refer note 38)	-	180
Total	-	180

6.6 Other financial assets

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Advances recoverable from related parties (Refer note 38)	223	324
Security deposits	2	15
Interest accrued but not due on bank deposits/margin money	983	393
Interest accrued on inter-corporate deposit (Refer note 38)	3	3
Unbilled revenue	1,874	1,568
Fair value of forward contracts (Refer note 26 & 27)	1,023	1,126
Total	4,108	3,429

7. Other current assets

	As at March 31, 2022	As at March 31, 2021
Advances to employees	120	67
Prepaid expenses	691	244
Balances with Government authorities		
VAT credit receivable	31	119
GST credit receivable	53	223
Other recoverables	182	324
Total	1,077	977

8. Equity share capital

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Authorized		
150,000,000 equity shares of face value ₹ 1/- each	1,500	1,500
(As at March 31, 2021 - 150,000,000 equity shares of face value ₹ 1/- each)		
Issued		
105,159,306 equity shares of face value ₹ 1/- each fully paid-up	1,052	1,052
(As at March 31, 2021 - 105,159,306 equity shares of face value ₹ 1/- each)		
Subscribed and paid-up		
103,920,181 equity shares of face value ₹ 1/- each fully paid-up	1,039	1,039
(As at March 31, 2021 - 103,908,181 equity shares of face value ₹ 1/- each)		
Out of issued capital, 1,239,125 (As at March 31, 2021 - 1,251,125) shares are held by Sonata Software Limited Employee Welfare Trust		
1,239,125 equity shares held by trust of face value ₹ 1/- each	13	13
(As at March 31, 2021 - 1,251,125 equity shares of face value ₹ 1/- each)		
Total	1,039	1,039

Refer note (i) to (vi) below

Notes :

	As at March 31, 2022	As at March 31, 2021
i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year		
Equity shares with voting rights	103,908,181	103,908,181
Number of shares outstanding at the beginning of the year	12,000	-
Add: Share issued on exercise of employee stock option	103,920,181	103,908,181
Add: Number of shares Issued to Sonata Welfare Trust in consideration other than cash	1,239,125	1,251,125
Number of shares outstanding at the end of the year	105,159,306	105,159,306

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

The Company has equity shares having a par value of ₹ 1/-. Each shareholder, other than shares held by ESOP Trust, is entitled to one vote per share. The shareholders have the right to receive interim dividends declared by the Board of directors and final dividends proposed by the Board and approved by the shareholders.

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

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

iii) Details of shares held by each shareholder holding more than 5% shares	March 31, 2022		March 31, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Hemendra M Kothari	9,600,000	9.13	10,660,026	10.14
Akshay Rajan Raheja	8,250,000	7.85	8,250,000	7.85
Viren Rajan Raheja	8,250,000	7.85	8,250,000	7.85
Suman R Raheja	6,900,000	6.56	6,900,000	6.56
HDFC Small cap fund (formerly known as HDFC Trustee Company Limited - A/C HDFC Multi-Asset Fund)	7,774,103	7.39	8,892,000	8.46

iv) Details of shares held by each promoter	March 31, 2022		March 31, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Akshay Rajan Raheja	8,250,000	7.85	8,250,000	7.85
Viren Rajan Raheja	8,250,000	7.85	8,250,000	7.85
Suman R Raheja	6,900,000	6.56	6,900,000	6.56
Rajan B Raheja	4,787,450	4.55	4,787,450	4.55
Excelsior Construction Company Private Limited	1,150,000	1.09	1,150,000	1.09
Fantasia Enterprises Private Limited	143,000	0.14	143,000	0.14
Siena Traders Private Limited	143,000	0.14	143,000	0.14

	₹ in Lakhs	₹ in Lakhs
(v) 1,239,125 equity shares held by trust of face value ₹ 1/- each	13	13
(As at 31.03.2021 : 1,251,125 equity shares of face value ₹ 1/- each)		

(vi) During the year ended March 31, 2022, on account of final dividend for fiscal 2021 the Company has incurred a net cash outflow of ₹ 10,391 lakhs and interim dividend of ₹ 8,312 lakhs for fiscal 2022.



**9. Other equity**

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Securities premium reserve	4,496	4,496
Amount received on issue of shares in excess of the par value has been classified as security premium, net of utilisation.		
General reserve	8,292	8,292
This represent appropriation of profit by the company.		
Employee Stock option reserve	265	231
The ESOP reserve is used to account option granted to employees at a concessional rate.		
Retained earnings		
Opening balance	39,424	25,677
Profit for the year	23,519	17,903
Less :		
Dividend paid	18,703	4,156
Closing balance	44,240	39,424
Retained earning comprises of the amounts that can be distributed as dividends to its equity share holders.	-	(1)
Remeasurement of the defined benefit plans		
Opening balance	(805)	(754)
For the year, (net of tax)	(784)	(51)
Closing balance	(1,589)	(805)
Actuarial gain or losses on gratuity are recognised in other comprehensive income.		
Other Comprehensive Income		
Effective portion of cash flow hedges		
Opening balance	245	(1,632)
Exchange differences on cash flow hedges	201	2,423
Tax impact on the above	(32)	(546)
Closing balance	414	245
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.		
Exchange difference on foreign currency translation		
Opening balance	30	(71)
For the year (net of tax)	(12)	101
Closing balance	18	30
Total	56,136	51,913

Exchange difference relating to the translation of the result and net assets of the company's foreign operations from their functional currencies to the group's presentation currency are recognised directly in other comprehensive income.

10. Lease Liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Long term lease liabilities (Refer note 39)	5,283	6,423
Total	5,283	6,423

11. Trade payables

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises (Refer Note 25)	39	37
Total outstanding dues of creditors other than micro enterprises and small enterprises*	10,013	9,283
Total	10,052	9,320

* Include dues from related parties (Refer note 38)

Trade payables ageing schedule

₹ in Lakhs

	Outstanding for the following period from due date of payments						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) As at March 31, 2022							
MSME	-	37	1	1	-	-	39
Others	4,992	2,284	2,483	217	-	37	10,013
Total	4,992	2,321	2,484	218	-	37	10,052
(ii) As at March 31, 2021							
MSME	-	37	-	-	-	-	37
Others	4,335	2,535	2,358	14	10	31	9,283
Total	4,335	2,572	2,358	14	10	31	9,320

12. Lease Liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Short term lease liabilities (Refer note 39)	1,862	1,788
Total	1,862	1,788

13. Other Financial Liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unpaid dividends	478	467
Payable on purchase of fixed assets	-	5
Other liabilities	2	2
Reimbursable expenses payable to related party (Refer note 38)	498	343
Total	978	817

14. Other Current Liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Income received in advance (Unearned revenue)	-	10
Gratuity payable (net) (Refer note 30)	578	915
Other payables		
Statutory remittances	872	772
Advances from customers	80	38
Reimbursable expenses payable to related party (Refer note 38)	74	3
Other liabilities	75	1,688
Total	1,679	3,426



**15. Provisions**

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits - Compensated absences	1,228	1,433
Total	1,228	1,433

16. Current tax liabilities (net)

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Provision for tax (net of advance tax ₹ 12,542 (for March 31, 2021 ₹ 12,520))	2,072	2,095
Total	2,072	2,095

Income Tax

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Income tax expense in the statement of profit and loss consists of:		
Current Tax:		
In respect of current year	4,197	5,904
In respect of prior years	-	1,485
Deferred Tax:		
In respect of current year	307	(263)
Total Income tax expense recognised in the statement of profit and loss	4,504	7,126
(b) Income tax recognised in other Comprehensive income		
Deferred tax related to items recognised in other comprehensive income during the year:		
Net loss / (gain) on measurement of defined benefit plan	(149)	(15)
Net loss / (gain) on measurement of Effective portion of cash flow hedges	32	546
Net loss / (gain) on measurement on other items	(2)	30
Total	(119)	561
The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:		
Profit before tax	28,023	25,029
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	7,053	6,299
Effect of:		
Dividend income	(2,720)	(728)
Expenses that are not deductible in determining taxable profit	108	95
Provision for tax relating to prior years	-	1,485
Others	63	(25)
Income tax expense recognised in the statement of profit and loss	4,504	7,126

The applicable Indian corporate statutory tax rate for the year ended March 31, 2022 and March 31, 2021 is 25.17% and 25.17% respectively.

Dividend income from certain category of investments is exempt from tax. The difference between the reported income tax expense and income tax computed at statutory tax rate is primarily attributable to income exempt from tax.

The Company is also subject to tax on income attributable to its permanent establishments in foreign jurisdictions due to operation of its foreign branches.

17. Deferred Tax

Deferred Tax assets / (liabilities) as at March 31, 2022 in relation to:

₹ in Lakhs

	As at April 1, 2021	Recognised in Profit & Loss	Recognised in Other Comprehensive Income/Reserves	As at March 31, 2022
Property, plant and equipment	439	(12)	-	427
Intangible assets	(11)	(2)	-	(13)
Allowances for credit losses	185	(75)	-	110
Disallowance u/s 40(a)	128	64	-	192
Disallowance u/s 43B	442	(35)	-	407
Net gain or loss on Fair value of Mutual Funds	(25)	14	-	(11)
Defined benefit plans	(20)	-	150	130
Translation of foreign operations	(51)	-	2	(49)
Fair value changes on derivatives designated as cash flow hedges	97	-	(33)	64
Impairment loss recognised on investments of PF Trust	410	(410)	-	-
Others	105	150	-	255
Total	1,699	(306)	119	1,512

Deferred Tax assets / (liabilities) as at March 31, 2021 in relation to:

	As at April 1, 2020	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	As at March 31, 2021
Property, plant and equipment	432	7	-	439
Intangible Assets	(7)	(4)	-	(11)
Allowances for credit losses	81	104	-	185
Disallowance u/s 40(a)	109	19	-	128
Disallowance u/s 43B	402	40	-	442
Net gain or loss on Fair value of Mutual Funds	56	(81)	-	(25)
Defined benefit plans	(35)	-	15	(20)
Translation of foreign operations	(21)	-	(30)	(51)
Fair value changes on derivatives designated as cash flow hedges	643	-	(546)	97
Impairment loss recognised on investments of PF Trust	360	50	-	410
Others	(22)	127	-	105
Total	1,998	262	(561)	1,699

Deferred tax assets has not been recognised on accumulated long term capital loss of ₹ 3,577 and ₹ 3,577 as at March 31, 2022 and March 31, 2021 respectively as it is probable that taxable profit will not be available against which the unused tax losses can be utilised in foreseeable future.

	As at March 31, 2022	As at March 31, 2021
Unused tax losses (long term capital loss) which expire in:		
-AY 2022-23	2,154	2,154
-AY 2024-25	461	461
-AY 2025-26	962	962
Total	3,577	3,577



**18.1 Revenue**

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31,2021
Revenue from software services (Refer note 22)	66,261	71,786
Revenue from software product and licenses	9,546	6,340
Other operating revenues	7	15
Total	75,814	78,141

18.2 Other Income

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31,2021
Interest		
from fixed deposits/margin money with banks	1,347	794
from bonds	10	-
from inter-corporate deposits (Refer note 38)	41	13
from unwinding of rent deposits discounted	13	24
from rent sub lease (Refer note 39)	29	33
Dividend income from long-term investments in subsidiaries (Refer note 38)	10,808	2,894
Net gain on investments carried at fair value through profit and loss	309	205
Net gain on foreign currency transactions and translations	1,608	247
Other non-operating income		
Liabilities/provisions no longer required written back	1,264	160
Commission (Refer note 38)	97	98
Miscellaneous income	898	12
Total	16,424	4,480

19. Employee benefit expense

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31,2021
Salaries including bonus	37,981	37,173
Contributions to provident and other funds	3,145	3,290
Share based payments to employees (Refer note 31)	34	915
Staff welfare expenses	339	266
	41,499	41,644
Less: Deputation cost/Service charges recovered from subsidiary (Refer note 38)	-	311
Total	41,499	41,333

20. Finance costs

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31,2021
Interest expenses on:		
Borrowings	1	-
Lease rentals discounted (Refer note 39)	828	930
Interest on contingent consideration	-	27
Others	12	-
Other borrowing costs	37	15
Total	878	972

21. Other expenses

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Power and fuel	273	268
Rent (includes related parties - refer note 38)	441	480
Repairs and maintenance - Buildings	2	3
Repairs and maintenance - Machinery	125	39
Insurance	712	488
Rates and taxes	101	62
Communication cost	479	435
Facility maintenance	348	348
Travelling and conveyance expenses	323	309
Sales commission	249	219
Professional and technical fees	746	677
Software project fees	2,028	732
Legal fees	49	37
Recruitment	769	222
Insourcing professional fees	2,755	1,020
Software license fees	620	789
Expenditure on Corporate Social Responsibility (Refer note 34)	396	377
Payments to auditors	88	91
Net loss on fixed assets sold / scrapped	-	22
Impairment loss recognised on trade receivables and bad written off	(300)	390
Miscellaneous expenses	411	370
	10,615	7,378
Less: Service charges recovered from subsidiary (Refer note 38)	-	55
Total	10,615	7,323
Note -Payments to auditors comprises (net of input credit):		
Statutory audit	88	80
Other services	-	11
	88	91

22. Revenue from software services**Disaggregate revenue information**

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2022 by contract type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

(₹ in Lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Time & Material	55,736	61,003
Fixed Price	10,525	10,783
	66,261	71,786

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

Trade receivables and Contract Balances

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



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

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

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended March 31, 2022, ₹ 1,568 Lakhs of unbilled revenue as of April 1, 2021 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

During the year ended March 31, 2022, the company recognized revenue of ₹ 10 Lakhs arising from opening unearned revenue as of April 1, 2021

Performance obligations and remaining performance obligations

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

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2022, other than those meeting the exclusion criteria mentioned above, is ₹ Nil.

23. Contingent Liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
a) Guarantees	36,500	35,227
The Company has given corporate guarantees to certain suppliers of Sonata Information Technology Limited (SITL) and Sonata Software North America (SSNA), its wholly owned subsidiaries.		
b) Disputed demand of Service tax	1,028	1,028
The demand for payment of service tax for the period from FY 2006-07 to FY 2012-13 on services received and consumed by UK branch of the company and a subsidiary company at USA, treating it as import of service, wrong availment of cervat credit and usage of software services provided to subsidiary. The company had filed appeal before the Commissioner of Appeals and is confident of getting favorable outcome based on legal precedents which support its stand.		
c) Other claims against the Company not acknowledged as debt	3,071	3,071
d) Disputed demands of Income-tax	6,845	6,845

Details of disputed demands of Income-tax primarily relate to:

Disallowance of claims made under Section 10A of the Income-tax Act, 1961

The Company does its business of software exports through multiple operating units or undertakings registered under the Software Technology Park Scheme of India. In computing taxable profit from the export of software, the Company claims exemptions provided to registered software technology parks, undertakings and units as provided under Section 10A of the Income-tax Act, 1961 ("Act").

For the financial year 2005-06 and 2006-07 ₹ 4,570 (As at March 31, 2021 - ₹ 4,570), the Company has received favorable order from Income-tax Appellate Tribunal (ITAT) and the Department has preferred an appeal before the Honorable High Court of Mumbai.

For financial year 2010-11 ₹ 2,275 (As at March 31, 2021 ₹ 2,275), Assessing Officer has re-opened the Assessment under section 148 of the Act and disallowed 10A benefit. The company has preferred an appeal before Commissioner of Income-tax (Appeals).

- e) In addition, the Company in the ordinary course of business receives various claims from its customers and other business partners. Based on review of such matters and the information available at this time, the Company does not anticipate that any of these will result in a settlement that will have a material impact on its financial statements.

24. Commitments

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for	19	7

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

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	39	37
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

26. Financial instruments.

The carrying value and fair value of financial instruments by categories as at March 31, 2022 and March 31, 2021 are as follows:

(₹ in Lakhs)

	Note No.	Carrying Value		Fair Value	
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial assets					
Amortised Cost					
Loans - Inter-corporate deposits	6.5	-	180	-	180
Security Deposits	4.2 & 6.6	1,512	1,539	1,512	1,539
Trade receivable	6.2	15,283	19,158	15,283	19,158
Cash and cash equivalents	6.3	27,848	26,040	27,848	26,040
Bank balances other than Cash & cash equivalents	6.4	2,272	2,047	2,272	2,047
Other financial assets	4.2 & 6.6	3,334	2,577	3,334	2,577
FVTPL					
Investment in Mutual Fund (quoted)	6.1	7,816	4,506	7,816	4,506
Forward Contracts	6.6	332	636	332	636
Investment in Preference Shares (unquoted)	4.1	2,446	2,476	2,446	2,476
Investment in PSU Bonds	4.1	325	-	325	-
FVTOCI					
Forward Contracts	6.6	691	490	691	490
Total Assets		61,859	59,649	61,859	59,649
Other financial liabilities					
Financial liabilities					
Amortised Cost					
Trade payables	11	10,052	9,320	10,052	9,320
Lease liabilities	10 & 12	7,145	8,211	7,145	8,211
Other financial liabilities	13	978	817	978	817
Total Liabilities		18,175	18,348	18,175	18,348

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

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



The following methods and assumptions were used to estimate the fair values:

1. The fair value of the quoted mutual funds are based on price quotations at reporting date. The fair value of other financial liabilities and other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates.
2. The fair values of the unquoted equity and preference shares have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility, the probabilities of the various estimates whose range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
3. The Company enters into derivative financial instruments with Banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality of banks, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at March 31, 2022, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative bank default risk. The changes in bank credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

27. Fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2022 and March 31, 2021.

(i) Quantitative disclosures of fair value measurement hierarchy for financial assets is as under:

(₹ in Lakhs)

	Fair value		Fair value hierarchy	Valuation technique and Key inputs
	As at March 31, 2022	As at March 31, 2021		
Investment in Mutual funds	7,816	4,506	Level 1	Fair value is determined based on the Net asset value published by respective funds.
Investments in PSU Bonds	325	-	Level 1	The fair value will be determined based on bond price quoted in exchange.
Foreign currency forward contracts	1,023	1,126	Level 2	The fair value of forward foreign contracts are determined using forward exchange rates at the reporting date.
Investment in Preference Shares (unquoted)	2,446	2,476	Level 3	The fair value will be determined based on the assets and liabilities of the entities.

There have been no transfers among Level 1 and Level 2 during the year.

(ii) Reconciliation of fair value measurement of investment in unquoted preference shares classified as FVTPL (Level 3):

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Opening balance	2,476	2,299
Remeasurement recognised	(30)	177
Purchases	-	-
Sales	-	-
Closing balance	2,446	2,476

Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and forecasted cash flows denominated in foreign currency. The Company uses derivatives to hedge foreign currency assets/ liabilities and foreign currency forecasted cash flows. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.

For movement in cash flow hedge reserve gain or loss - Refer note 9

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Designated derivative instruments (Sell):		
In USD	745	595
in GBP	108	105
in EUR	35	29
in AUD	35	-

The foreign exchange forward contracts mature anywhere between 0-1.5 year. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Designated derivative instruments (Sell):		
Less than 3 months		
In USD	164	167
in GBP	28	26
in EUR	8	8
More than 3 months		
In USD	581	428
in GBP	79	78
in EUR	27	21
in AUD	35	-

Average rate of coverage	As at March 31, 2022		As at March 31, 2021	
	₹ in Lakhs	Weighted Average Rate (₹)	₹ in Lakhs	Weighted Average Rate (₹)
USD	745	78.43	595	77.47
GBP	108	105.41	105	101.35
EUR	35	90.06	29	90.88
AUD	35	57.76	-	-

28. Financial risk management

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

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

Credit risk

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



Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers (excluding Inter-company):

(₹ in Lakhs)

	For the year ended	
	March 31, 2022	March 31, 2021
Revenue from top customer	10,332	8,600
Revenue from top 5 customers	20,182	14,447

One customer accounted for more than 10% of the revenue for the year ended March 31, 2022 and two of the customer accounted for more than 10% of the receivables for the year ended March 31, 2022. One customer accounted for more than 10% of the revenue for the year ended March 31, 2021 and two of the customer accounted for more than 10% of the receivables for the year ended March 31, 2021.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors.

Liquidity risk

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

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

The working capital position of the Company is given below:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	27,848	26,040
Bank balances other than Cash & cash equivalents	2,272	2,047
Investments in mutual funds (quoted)	8,141	4,506
Inter Corporate deposits with subsidiary	-	180
Trade receivables	15,283	19,158
Other financial assets	4,108	3,429
Other current assets	1,077	977

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022 and March 31, 2021:

(₹ in Lakhs)

	As at March 31, 2022		
	Less than 1 year	1-2 years	2 years & above
Trade payables	9,797	218	37
Other financial liabilities	978	-	-
Lease liabilities	1,862	1,710	3,573

(₹ in Lakhs)

	As at March 31, 2021		
	Less than 1 year	1-2 years	2 years & above
Trade payables	9,265	14	41
Other financial liabilities	817	-	-
Lease liabilities	1,788	1,674	4,749

Foreign currency risk

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

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

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

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

- an approximately ₹ 160 lakhs increase and decrease in the Company's net profit as at March 31, 2022;
- an approximately ₹ 592 lakhs increase and decrease in the Company's net profit as at March 31, 2021.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2022 and March 31, 2021.

(₹ in Lakhs)

	USD	GBP	EUR	Other Currencies*
As at March 31, 2022				
Assets	-	1,209	-	944
Trade receivables	285	532	340	226
Cash and Cash equivalents	96	105	-	-
Liabilities				
Trade Payable	(1,661)	(414)	-	(682)
Net assets/liabilities	(1,280)	1,432	340	488
As at March 31, 2021				
Assets				
Trade receivables	14,111	2,749	649	636
Cash and Cash equivalents	427	307	13	524
Other non-current assets	14	164	15	19
Liabilities				
Trade Payable	(1,484)	(364)	(4)	(198)
Net assets/liabilities	13,068	2,856	673	981

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

For the year ended March 31, 2022, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.01%/ (0.01)%. For the year ended March 31, 2021, the impact on operating margins would be 0.11%/ (0.11)%.

29. Capital management

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

The capital structure of the company consists of the following:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Total equity attributable to the equity	57,175	52,952
As percentage of total capital	100%	100%
Current borrowings*	-	-
As a percentage of total capital	-	-
Total capital (borrowings and equity)	57,175	52,952

* Current borrowings does not include lease liabilities

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



**30. Employee benefit plans****i) Defined contribution plans**

a) Provident fund

Until the end of April 2021 the eligible employees of Sonata Software Limited received benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company made monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company has contributed a portion to the Sonata Software Provident Fund Trust (Trust). Trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

During the year the Sonata Provident Fund Trust has surrendered the exemption granted and transferred the provident fund accumulation of employees to the Employees' Provident Fund Organisation (EPFO), Mumbai. Accordingly from May 2021 onwards the company remits the monthly contribution of provident fund to EPFO.

Provident fund contributions amounting to ₹ 1,249 lakhs (for the year ended March 31, 2021 ₹ 1,447 lakhs) has been charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 19 Employee benefits expense).

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

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Employee's State Insurance (as part of Staff welfare expenses in Note 19 Employee benefits expense)	1	10
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 19 Employee benefits expense)	1,036	781
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in Note 19 Employee benefits expense)	60	45
National Insurance Contribution (as part of Contribution to Provident Fund and other Funds in Note 19 Employee benefits expense)	213	324

ii) Defined benefit plans - Gratuity

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

	As at March 31, 2022	As at March 31, 2021
Discount rate(s)	6.73%	6.26%
Expected rate(s) of salary increase	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality 2012-14	Indian Assured Lives Mortality 2006-08

Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Service Cost:		
Current Service Cost	528	623
Net Interest Expense	51	50
Components of defined benefit costs recognised in profit or loss	579	673
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(135)	(640)
Actuarial (gains) / losses arising from changes in financial assumptions	(171)	170
Actuarial (gains) / losses arising from experience adjustments	1,240	309
Actuarial (gains) / losses arising from Demographic adjustments	(1)	227
Components of defined benefit costs recognised in other comprehensive income	933	66

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

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

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:		
Present value of funded defined benefit obligation	(6,258)	(5,291)
Fair value of plan assets	5,680	4,376
Net (liability) / Assets arising from defined benefit obligation	(578)	(915)
Movements in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	5,291	4,136
Current service cost	528	623
Interest cost	325	282
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(171)	170
Actuarial gains and losses arising from experience adjustments	1,240	309
Actuarial (gains) / losses arising from Demographic adjustments	(1)	227
Benefits paid	(851)	(456)
Liability Transferred Out/ Divestments	(103)	-
Closing defined benefit obligation	6,258	5,291
Movements in the fair value of the plan assets are as follows:		
Opening fair value of plan assets	4,376	3,399
Interest income	274	232
Return on plan assets (excluding amounts included in net interest expense)	135	640
Contributions from the employer	1,849	561
Benefits paid	(851)	(456)
Liability Transferred Out/ Divestments	(103)	-
Closing fair value of plan assets	5,680	4,376

The major categories of plan assets as a percentage of total plan:

	As at March 31, 2022	As at March 31, 2021
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	40.17%	18.02%
Defensive Fund	31.97%	34.40%
Balanced Fund	27.80%	47.49%
Stable Fund	0.06%	0.09%

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

(₹ in Lakhs)

	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	375	334	332	295
Future salary growth (1% movement)	377	342	333	301

The Company expects to contribute ₹ 1,189 lakhs to its defined benefit plans during the next fiscal year.



The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

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

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

Experience adjustments

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Present value of defined benefit obligation	6,258	5,291	4,136	3,176	2,709
Fair value of plan assets	5,680	4,376	3,399	3,150	2,628
Surplus / (deficit)	(578)	(915)	(737)	(26)	(81)
Experience adjustments on plan liabilities - (gain)/losses	1,240	309	77	73	145
Experience adjustments on plan assets - (losses)/gain	135	640	(291)	27	(15)

Maturity profile of defined benefit obligation:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Within 1 year	683	580
1-2 years	927	554
2-3 years	632	772
3-4 years	709	490
4-5 years	579	541
5 years and Above	4,553	5,385

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

31. Share-based payments

a) Employee share option plan of the Company

i) Details of the employee share option plan of the Company

The Company has a stock option plan for employees of the Company and its subsidiaries, authorized by the nomination and remuneration committee. In accordance with the terms of the plan, as approved by shareholders at its annual general meeting dated August 19, 2014. Eligible employees are granted to get stock option with graded vesting period of four years. The quantum of stock option is decided by the Nomination and Remuneration Committee. The shares are transferred to employees from the Sonata Software Ltd Employee Welfare Trust based on approval.

Each vested stock option shall convert into one equity share of the Company upon exercise. The exercise price of the stock option shall be the closing market price of the share on National Stock Exchange of India Ltd on the trading day immediately preceding the date of the grant. The stock options carry neither rights to dividends nor voting rights unless the transfer of shares from the Sonata Software Ltd Employee Welfare Trust to the employee is duly registered by the company. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current and prior years:

Number of Shares	Grant date	Expiry date	Exercise price (₹)	Fair Value at grant date (₹)
60,000	May 29, 2017	May 29, 2022	149.65	43.49 - 55.86
75,000	Nov 13, 2017	Nov 14, 2022	191.95	54.78 - 79.62
120,000	May 31, 2019	May 30, 2024	354.50	115.54-137.75
60,000	May 29, 2020	May 28, 2025	206.50	54.22 - 62.63

ii) Fair value of share options outstanding at the year end

Options are priced using Black - Scholes pricing model.

Inputs into the model

Grant date	May 29, 2017	Nov 13, 2017	May 31, 2019	May 29, 2020
Grant date share price (₹)	142.17	188.51	356.70	202.90
Exercise price (₹)	149.65	191.95	354.50	206.50
Expected volatility (%)	36.47 - 40.61	31.78 - 40.86	53-26	40
Option life (in years)	5.00	5.00	5.00	5.00
Dividend yield (%)	-	-	2.50	2.50
Risk-free interest rate (%)	6.66 - 6.79	6.52 - 6.81	6.71 - 7.03	4.76-5.26
Vesting Period (Years)	4	4	4	3

iii) Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Number of Options	Weighted average exercise price (₹)	Number of Options	Weighted average exercise price (₹)
Balance at beginning of year	202,000	269.98	320,000	228.87
Granted during the year	-	-	60,000	206.50
Exercised during the year	12,000	354.50	-	-
Cancelled during the year	-	-	178,000	174.68
Balance at end of year	190,000	264.64	202,000	269.98
Exercisable at the end of the year	99,000	241.83	65,500	229.40

iv) Stock options exercised during the year

The following share options were exercised during the financial year 2021-22:

Granted on	Number Exercised	Exercised Date	Share price at exercise Date (₹)
May 31st, 2019	12,000	Feb 2, 2022	854.60

No Share options were exercised during the financial year 2020-21.

v) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 264.64 (as at March 31, 2021 ₹ 269.98)

During the year, the amount recognised as expense for employee Stock Options is ₹ 34 Lakhs (for the year ended March 31, 2021 is ₹ 53 Lakhs)

b Other Stock Based Compensation Arrangements

Stock Appreciation Rights Plan provides the certain employee with the right to receive cash that is equal to the increase in the value of the company's shares from the date the right was granted and the right was exercised. They are not entitled to any shares or dividend. Plan 1 and 2 of 2018 has been approved by the Board vide Board Meeting dated May 29, 2017 subsequently amended dated August 13, 2018. Plan of 2019 and 2020 has been approved by the Board vide Board meeting dated August 13, 2018 and August 4, 2021 respectively.

The company has cancelled the existing Stock Appreciation Rights Plan (SAR) during the year and introduced the Bonus plan in lieu of SAR effective from June 30, 2021.

The Company has not granted any stock appreciation rights plan to employees during the year.

	For the year ended March 31, 2022							
	As per plan 1 (2018)	As per plan 2 (2018)	As per plan1 (2020)	As per plan 3 (2018)	As per plan 4 (2018)	As per plan 2 (2020)	As per plan 2 (2021)	As per plan 3 (2021)
Outstanding units as at the beginning of the year	220,000	197,000	29,500	45,000	180,000	58,500	165,000	55,500
Number of units granted under letter of intent during the year	-	-	-	-	-	-	-	-
Exercised units	70,000	26,000	6,250	-	10,000	6,500	-	-
Lapsed units	-	-	-	-	-	-	-	-



	For the year ended March 31, 2022							
	As per plan 1 (2018)	As per plan 2 (2018)	As per plan1 (2020)	As per plan 3 (2018)	As per plan 4 (2018)	As per plan 2 (2020)	As per plan 2 (2021)	As per plan 3 (2021)
Forfeited units	-	6,000	-	-	-	-	-	-
Cancelled units	150,000	165,000	23,250	45,000	170,000	52,000	165,000	55,500
Outstanding units as at the end of the year*	-	-	-	-	-	-	-	-
Contractual life (in years)	3	3	1	3	3	1	3	1
Date of grant	May 29, 2017	Dec 18, 2018	Sep 30, 2018	May 31, 2020	Oct 30, 2020	Oct 1, 2020	May 29, 2021	Jan 1, 2022
Grant price per unit (₹)	149.65	315.30	200.00	354.50	317.40	224.00	206.05	251.00
Number of units exercisable at the end of the year*	-	-	-	-	-	-	-	-
Weighted average exercise price (₹)	347.71	171.05	305.81	-	338.68	228.97	-	-
Weighted average exercise price for options exercisable at the end of the year (₹)*	-	-	-	-	-	-	-	-

* The company had cancelled the existing Stock Appreciation Rights Plan (SAR) during the year and introduced the Bonus plan in lieu of SAR.

	For the year ended March 31, 2021							
	As per plan 1 (2018)	As per plan 2(2018)	As per plan1 (2019)	As per plan 3 (2018)	As per plan 4 (2018)	As per plan 2(2019)	As per plan 2 (2020)	As per plan 3(2020)
Outstanding units as at the beginning of the year	225,000	348,000	62,000	144,000	180,000	93,000	-	-
Number of units granted under letter of intent during the year	-	-	-	-	-	-	165,000	55,500
Executed units	5,000	23,000	32,500	-	-	34,500	-	-
Lapsed units	-	128,000	-	99,000	-	-	-	-
Forfeited units	-	-	-	-	-	-	-	-
Cancelled units	-	-	-	-	-	-	-	-
Outstanding units as at the end of the year	220,000	197,000	29,500	45,000	180,000	58,500	165,000	55,500
Contractual life (in years)	3	3	1	3	3	1	3	1
Date of grant	May 29, 2017	Dec 18, 2018	Sep 30, 2018	May 31, 2019	Oct 30, 2019	Oct 1, 2019	May 29, 2020	Jan 1, 2021
Grant price per unit (₹)	149.65	315.30	200.00	354.50	317.40	224.00	206.05	251.00
Number of units exercisable at the end of the year	220,000	127,000	29,500	15,000	60,000	58,500	-	-
Weighted average exercise price (₹)	169.21	335.66	200.00	354.50	317.40	224.00	-	-
Weighted average exercise price for options exercisable at the end of the year (₹)	169.21	356.60	200.00	398.74	357.01	224.00	231.77	251.00

The weighted average fair value of each unit for stock appreciation rights plan has been calculated using the Black - Scholes pricing model with the following assumptions:

	For the year ended March 31, 2021							
	As per plan 1 (2018)	As per plan 2(2018)	As per plan1 (2019)	As per plan 3 (2018)	As per plan 4 (2018)	As per plan 2(2019)	As per plan 2 (2020)	As per plan 3(2020)
Grant date	May 29, 2017	Dec 18, 2018	Sep 30, 2018	May 31, 2019	Oct 30, 2019	Oct 1, 2019	May 29, 2020	Jan 1, 2021
Exercise price (₹)	149.65-187.72	315.30-395.52	200.00	354.90-444.68	317.40-398.15	224.00	206.05-258.47	251.00
Dividend yield	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Expected life (in years)	3	3	1	3	3	1	3	1
Risk free interest rate	3.86%	3.86%-4.25%	3.86%	3.86%-5.18%	3.86%-5.18%	3.86%	4.25%-5.58%	4.25%
Volatility	40%	40%	40%	40%	40%	40%	40%	40%

During the year, the expense recognised for Stock appreciation rights is Nil (for the year ended March 31, 2021 is ₹ 967) and the related liability accounted is Nil (as at March 31, 2021 is ₹ 1,439).

32. Segment reporting

The Company publishes this financial statement along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

33. Consolidation of Employee Welfare Trust

Ind AS 110 – Consolidated financial statements defines control and establishes control as the main basis for consolidating the entities. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, in view of which the company has consolidated Sonata employee welfare trust accounts.

34. Corporate Social Responsibility

As per Section 135 of Companies Act, 2013 a company meeting the applicability threshold, needs to spend atleast 2% of its average net profit of the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Companies Act, 2013. The CSR initiatives are focused towards those programme directly or indirectly, benefit the community and society at large. The Company's CSR activities primarily focuses on programs that promote education, gender equality empowering women and traditional Arts & Handicrafts..

- (i) Gross amount required to be spent by the Company during the year is ₹ 393 lakhs (Previous year is ₹ 374 lakhs).
- (ii) Amount spent during the year is ₹ 396 lakhs (Previous year is ₹ 376 lakhs).

(in ₹ lakhs)

	In Cash	Yet to be paid in Cash	Total
Construction / acquisition of any asset	-	-	-
On purposes other than above	396	-	396
Total	396	-	396

- (iii) Amount unspent is ₹ Nil (Previous year is ₹ Nil).

35. Earnings Per Share

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

(in ₹ lakhs)

	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	105,159,306	105,159,306	105,159,306	105,159,306
Weighted average number of Potential equity shares exercised by Sonata Employee Welfare Trust	(1,239,125)	(1,239,125)	(1,251,125)	(1,251,125)
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	55,092	-	35,013
Weighted average number of equity shares for calculation of earning per share	103,920,181	103,975,273	103,908,181	103,943,194

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

37. Distributions made and proposed :

The Board of Directors at their meeting held on October 19, 2021 had declared an interim dividend of 800% (₹ 8 per equity share of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on April 29, 2022 have recommended a final dividend of 1,300 % (₹ 13 per equity share of par value ₹ 1 each), which is subject to approval of shareholders.

The Board of Directors at their meeting held on November 06, 2020 had declared an interim dividend of 400% (₹ 4 per equity share of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on May 12, 2021 have recommended a final dividend of 1,000% (₹ 10 per equity share of par value ₹ 1 each), was approved by shareholders on 16th August 2021.





38. Related party disclosure

i) Details of related parties :

Description of relationship

a) Wholly Owned Subsidiaries (WOS)

(b) Subsidiary

(c) Entity with common Key Management Personnel (KMPE)

(d) Post-employment benefit plan
(Refer Note 30)

(e) Key Management Personnel (KMP)

Names of related parties

Sonata Information Technology Limited

Sonata Software Solutions Limited

Sonata Software North America Inc.

Sonata Software GmbH

Sonata Europe Limited

Sonata Software FZ LLC

Sonata Australia Pty Ltd (formerly known as "Scalable Data Systems Pty Ltd")

Encore IT Services Solutions Private Limited*

Sonata Software Intercontinental Limited**

Interactive Business Information Systems Inc.
(subsidiary of Sonata Software North America Inc.)

Sopris Systems LLC (subsidiary of Sonata Software North America Inc.)

Sonata Software (Qatar) LLC

GAPbuster Limited

Gapbuster Europe Limited

Gapbuster Inc

Gapbuster Worldwide Pty Limited

Gapbuster China Co. Limited

Kabushiki Kaisha Gapbuster Japan

Gapbuster Worldwide Malaysia Sdn Bh

Encore Software Services, Inc.*

Sonata Software Canada Limited***

Palred Technology Services Private Limited

Sonata Software Limited Gratuity Fund

Sonata Software Officers' Superannuation Fund

Sonata Software Provident Fund (Until April 2021)

Mr. P Srikar Reddy, Managing Director

Mr. Pradip P Shah, Chairman & Independent Director

Ms. Radhika Rajan, Independent Director

Mr. Viren Raheja, Non Executive Director

Mr. S B Ghia, Non Executive Director

Mr. Sanjay K Asher, Independent Director

Mr. Jagannathan CN, Chief Financial Officer

Ms. Mangal Krishnarao Kulkarni, Company Secretary

ii) Transactions with related parties :

(₹ in lakhs)

	WOS, Subsidiary and KMPE		KMP	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Rendering of services				
Sonata Software North America Inc.	26,149	36,040		
Sonata Europe Limited	6,879	6,120		
Sonata Software FZ LLC	145	153		
Sonata Information Technology Limited	-	1,295		
Interactive Business Information Systems Inc.	306	935		
Sonata Australia Pty Ltd	1,171	1,091		
Sopris Systems LLC	85	44		
Sonata Software Solutions Limited	1	25		
Sonata Software Intercontinental Limited	71	-		
Purchase of Software products and licenses				
Sonata Information Technology Limited	9,275	5,028		
Sonata Software Solutions Limited	1,737	553		
Interactive Business Information Systems Inc.	60	37		
Sonata Software (Qatar) LLC	46	61		
Sonata Australia Pty Ltd	184	-		
Commission on Sales				
Palred Technology Services Private Limited	-	6		
Service charges recovered				
Sonata Information Technology Limited	-	366		
Reimbursement of expenses received				
Sonata Information Technology Limited	10	75		
Sonata Software North America Inc.	31	16		
Sonata Software GmbH	-	16		
Sonata Software FZ-LLC	15	2		
Rezopia Inc.	-	4		
Sonata Europe Limited	-	28		
Halosys Technologies Inc.	-	3		
Interactive Business Information Systems Inc.	-	10		
Sonata Software (Qatar) LLC	-	2		
Sopris Systems LLC	17	-		
Reimbursement of expenses paid				
Sonata Software North America Inc.	114	-		
Sonata Europe Limited	67	35		
Sonata Australia Pty Ltd	141	-		
Sonata Software FZ-LLC	20	-		
Inter corporate deposits given				
Sonata Information Technology Limited	6,060	100		
Sonata Software Solutions Limited	220	505		



(₹ in lakhs)

	WOS, Subsidiary and KMPE		KMP	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Inter corporate deposits recovered				
Sonata Information Technology Limited	6,060	100		
Sonata Software Solutions Limited	400	546		
Interest income on inter corporate deposits				
Sonata Information Technology Limited	30	-		
Sonata Software Solutions Limited	11	13		
Interest income from rent on sub lease				
Sonata Information Technology Limited	29	33		
Recovery of rent				
Sonata Information Technology Limited	78	72		
Dividend received				
Sonata Europe Limited	2,808	541		
Sonata Australia Pty Ltd	-	2,015		
Sonata Information Technology Limited	8,000	338		
Commission received on guarantees given on behalf of subsidiary				
Sonata Information Technology Limited	58	58		
Sonata Software North America Inc.	23	40		
Compensation of key management personnel of the Company				
Short-term employee benefits****			1,120	453
Share-based payment transactions			12	232
Others			464	347
Total compensation paid to key management personnel			1,596	1,032
Balances outstanding at the end of the year				
Inter corporate deposit				
Sonata Software Solutions Limited	-	180		
Interest accrued on Inter corporate deposit				
Sonata Information Technology Limited	3	3		
Trade receivables				
Sonata Software North America Inc.	4,928	11,466		
Sonata Europe Limited	1,497	326		
Sonata Software FZ LLC	17	39		
Interactive Business Information Systems Inc.	102	191		
Sonata Information Technology Limited	-	380		
Sopris Systems, LLC	94	8		
Sonata Australia Pty Ltd	423	242		
Sonata Software Solutions Limited	26	25		
Sonata Software Intercontinental Limited	71	-		

	WOS, Subsidiary and KMPE		KMP	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Reimbursement of expenses recoverable				
Sonata Information Technology Limited	96	89		
Sonata Europe Limited	-	12		
Sonata Software North America Inc.	76	10		
Sonata Software GmbH	-	11		
Sonata Software Solutions Limited	-	160		
Sopris Systems, LLC	20	-		
Trade payables				
Sonata Information Technology Limited	1,262	697		
Sonata Software (Qatar) LLC	17	33		
Sonata Australia Pty Ltd	378	119		
Sopris Systems, LLC	2	18		
Sonata Software Solutions Limited	754	465		
Interactive Business Information Systems Inc.	95	33		
Reimbursement of expenses payable				
Sonata Software North America Inc.	473	343		
Sonata Information Technology Limited	43	-		
Sonata Europe Limited	46	2		
Sonata Software (Qatar) LLC	4	1		
Sonata Software FZ LLC	6	-		
Guarantees given on behalf of Subsidiary				
Sonata Software North America Inc.	5,684	5,483		
Sonata Information Technology Limited	30,816	29,744		
Payable to key management personnel of the Company				
Short-term employee benefits****			406	205
Share-based payment transactions			64	236
Others			450	336

* Sonata Software Limited (SSL) has acquired 100% stake in Encore IT Services Solutions Private Limited, a Chennai based Company on August 1, 2021. Sonata Software North America Inc., (SSNA) has acquired 100% stake in Encore Software Services, Inc. a California based company on August 1, 2021.

** Software Intercontinental Limited has been incorporated in Ireland with effect from 8th September, 2021.

*** Sonata Software Canada Limited has been incorporated in Canada with effect from 3rd December, 2021

**** The above employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

39. Leases

The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2020. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. 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.

The aggregate amortization expense of ₹ 1,315 lakhs (March 31, 2021 ₹ 1,338 lakhs) on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.





Following are the changes in the carrying value of right of use assets:

(in ₹ lakhs)

	Category of ROU Asset		
	Land	Buildings	Total
Balance as at April 1, 2021	216	6,833	7,049
Amortization	(13)	(1,302)	(1,315)
Balance as at March 31, 2022	203	5,531	5,734

	Category of ROU Asset		
	Land	Buildings	Total
Balance as at April 1, 2020	229	8,158	8,387
Amortization	(13)	(1,325)	(1,338)
Balance as at March 31, 2021	216	6,833	7,049

Rental expense recorded for short-term leases was ₹ 441 (March 31, 2021 - ₹ 480) for the year ended March 31, 2022.

The following is the movement in lease liabilities

(in ₹ lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	8,211	9,091
Finance cost accrued during the year	828	930
Payment of lease liabilities	(1,894)	(1,810)
Balance at the end of the year	7,145	8,211

The following is the break-up of lease liabilities as at March 31, 2022 based on their maturities:

(in ₹ lakhs)

	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	1,862	1,788
Non-current lease liabilities	5,283	6,423
Total	7,145	8,211

The following is the movement in the net investment in sublease in ROU asset:

(in ₹ lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	289	322
Interest income accrued during the year	29	33
Lease receipts	(67)	(66)
Balance at the end of the year	251	289

Contractual maturities of lease liabilities

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(in ₹ lakhs)

	As at March 31, 2022	As at March 31, 2021
Not later than one year	1,972	1,894
Later than one year and not later than 5 years	6,045	7,229
Later than 5 years	1,381	2,169
Total	9,398	11,292

The table below provides details regarding the contractual maturities of net investment in sublease of ROU asset on an undiscounted basis:

(in ₹ lakhs)

	As at March 31, 2022	As at March 31, 2021
Not later than one year	67	67
Later than one year and not later than 5 years	233	269
Later than 5 years	25	56
Total	325	392

40. Acquisition of Encore

Sonata Software Limited has acquired 100% stake in Encore India Private Limited on Aug 1, 2021 for an investment of USD 1.2 million (INR 893 lakhs). Encore India Private Limited provides customized software development and testing, and related IT consulting services. It offers services in the areas of application management, quality assurance, analytics, information security, cloud enablement, cloud migration, and mobility. The entire consideration has been paid in cash.

41. The table below provides financial ratios

Ratio/Measure	Methodology	For the year ended	
		March 31, 2022	March 31, 2021
Current ratio	Current assets over current liabilities	3.27	2.98
Debt-equity ratio	Debt over total shareholders equity	0.12	0.16
Debt service coverage ratio ¹	EBITDA over current debt	3.82	3.04
Return on equity ratio	PAT over total average equity	0.43	0.40
Trade receivable turnover ratio	Revenue from operations over trade receivables	4.96	4.08
Trade payable turnover ratio	Adjusted expenses over trade payables	6.65	6.49
Net capital turnover ratio	Revenue from operations over working capital	1.18	1.28
Net profit ratio ²	Net profit over revenue	0.31	0.23
Return on capital employed	EBIT over capital employed	0.45	0.43
Return on investment ³	Interest income, net gain on sale of investments and net fair value gain & dividend income over weighted average investments.	0.32	0.17

Notes:

EBITDA - Earnings before interest, taxes, depreciation and amortisation.

PAT - Profit after taxes.

EBIT - Earnings before interest and taxes.

Debt includes current and non-current lease liabilities.

Adjusted expenses derived from total expenses excluding depreciation and finance cost.

working capital derived from current assets in excess of current liabilities excluding borrowings & lease liabilities.

Investments includes non-current investment, current investment and margin-money deposit.

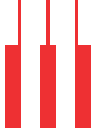
Explanation for variances exceeding 25%:

¹ Debt service coverage ratio improved on account of increase in EBIT during the year ended March 31, 2022

² Net profit ratio improved on account of increase in Dividends received from subsidiary during the financial year 2021-22

³ Return on investment improved on account of increase in Dividends received from subsidiary during the financial year 2021-22





42. During the year the Company has received ₹ Nil (for the year ended March 31, 2021 is ₹ 937 Lakhs) from governments of various countries on compliance of certain conditions consequent to the outbreak of COVID-19 pandemic and accordingly, accounted as a credit to employee benefits expense (refer note 19).
43. No funds have been advanced or loaned or invested from borrowed funds by the Company to or in any other persons or entities, including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

No funds have been received by the Company from any persons or entities including foreign entities. Since SSL has not received any funding either in current year or in prior years.

For and on behalf of the Board of Directors

Pradip P Shah

Chairman
Mumbai

P Srikar Reddy

Managing Director
Bengaluru

Jagannathan C N

Chief Financial Officer
Bengaluru

R Sathyanarayana

VP - Finance & Accounts
Bengaluru

Mangal Krishnarao Kulkarni

Company Secretary
Bengaluru

Date : April 29, 2022

INDEPENDENT AUDITOR’S REPORT

TO THE MEMBERS OF SONATA SOFTWARE LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of SONATA SOFTWARE LIMITED (the “Company”) and its subsidiaries (the Company and its subsidiaries together referred to as the “Group”) which comprise the Consolidated Balance Sheet as at March 31, 2022, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the “consolidated financial statements”).

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements, give the information required by the Companies Act, 2013 (the “Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (“Ind AS”) and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022 and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (“SA’s”) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) of the Other Matters section below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

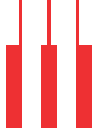
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor’s Response
1	<p>Evaluation of Impairment Assessment of Goodwill</p> <p>As at March 31, 2022 Goodwill of Rs. 22,072 lakhs pertains to businesses acquired by the Company.</p> <p>Goodwill is tested by management for impairment at least on an annual basis and whenever there is an indication that goodwill maybe impaired. The recoverable amount of the CGU is determined based on value in use calculations. Value in use is the present value of future cash flows expected to be derived from the CGU. The key inputs used in the present value calculations includes the expected future growth in operating revenues, allocation of revenues amongst CGU’s and margins in the forecast period, long term growth rates and discount rates which are based on significant management assumptions and judgements.</p> <p>Refer to Notes 2.1(c)(iii), 2.3(r)(b) and 4 to the Consolidated Financial Statements.</p>	<p>Principal Audit Procedures Performed</p> <ol style="list-style-type: none"> Obtained an understanding of and assessed the impairment testing process implemented by Management. Evaluated and tested the design, implementation and operating effectiveness of the controls implemented around the impairment testing process. Verified the appropriateness of the model used to calculate value in use. Verified the base data used by the Management in developing the estimates for its completeness and accuracy. Evaluated key assumptions relating to business projections and other inputs used in computing the value in use to determine the recoverable amounts. Involved Internal valuation experts on the valuation assumptions used by the management to assess its reasonableness. Considered the sensitivity of value in use to a change in the key assumptions and inputs used by Management

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

The Company’s Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board’s Report and its annexures Management Discussion and Analysis, and Report on Corporate Governance, but does not include the consolidated financial statements, standalone financial statements and our auditor’s report thereon.





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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

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

Management's Responsibilities for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the respective Boards of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Boards of Directors either intend to liquidate their respective entities or to cease operations, or have no realistic alternative but to do so.

The respective Boards of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing

of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

- (a) We did not audit the financial statements of two subsidiaries included in the consolidated financial results whose financial statements reflect total assets of Rs. 14,525 lakhs as at March 31, 2022 and total revenues of Rs. 16,635 lakhs and net cash inflows of Rs. 180 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- (b) We did not audit the financial statements of eleven subsidiaries whose financial statements reflect total assets of Rs. 3,370 lakhs as at March 31, 2022, total revenues of Rs. 8,478 lakhs and net cash outflows of Rs. 510 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The Consolidated Balance Sheet, the Consolidated

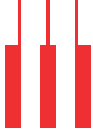
Statement of Profit and Loss including Other Comprehensive Income, Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Company as on March 31, 2022 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
 - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.

- iv) (a) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and to the other auditors of such subsidiaries that, to the best of their knowledge and belief, as disclosed in Note 42 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent or any of such subsidiaries to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the





- Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent or any of such subsidiaries ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The respective Managements of the Parent and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, have represented to us and the other auditors of such subsidiaries that, to the best of their knowledge and belief, as disclosed in Note 42 to the consolidated financial statements, no funds have been received by the Parent or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us on the Company and that performed by the auditor of the subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) As stated in Note 39 to the consolidated financial statements
- a. The final dividend proposed in the previous year, declared and paid by the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act, during the year is in accordance with Section 123 of the Act, as applicable.
- b. The interim dividend declared and paid by the Company and its subsidiaries which are companies incorporated in India, whose financial statements have been audited under the Act, where applicable, during the year and until the date of this report is in accordance with Section 123 of the Act.
- c. The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.
2. With respect to the matters specified in paragraphs 3(xxi) and 4 of the Companies (Auditor's Report) Order, 2020 (the "Order"/ "CARO") issued by the Central Government in terms of Section 143(11) of the Act, to be included in the Auditor's report, according to the information and explanations given to us, and based on the CARO reports issued by us for the Company and CARO report of its subsidiaries provided to us by the Management of the Company and based on identification of matters of qualifications or adverse remarks in CARO reports by the respective component auditors and provided to us, we report that the auditors of such companies have not reported any qualifications or adverse remarks in these CARO reports.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No.110128)

UDIN: 22110128AICKNG4400

Place: Bengaluru

Date: April 29, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sonata Software Limited of even date)

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2022, we have audited the internal financial controls over financial reporting of Sonata Software Limited (hereinafter referred to as the "Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient

and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies, which are companies incorporated in India.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner

Place: Bengaluru
Date: April 29, 2022

(Membership No.110128)
UDIN: 22110128AICKNG4400



**CONSOLIDATED BALANCE SHEET** as at March 31, 2022

	Note No.	As at March 31, 2022	₹ in Lakhs As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	1,770	1,512
Right-of-use assets	35	10,560	8,491
Capital work-in-progress	3.2	1	12
Goodwill	4	22,072	17,591
Other intangible assets	5	8,290	4,769
Financial assets	6		
Investments	6.1	1,385	1,055
Other financial assets	6.2	3,795	3,586
Deferred tax assets (net)	17	2,613	1,894
Other non-current assets	7	11,005	8,863
Total non-current assets		61,491	47,773
Current assets			
Financial assets	8		
Investments	8.1	14,476	6,542
Trade receivables	8.2	89,256	61,579
Cash and cash equivalents	8.3	73,369	64,066
Bank balances other than above	8.4	3,594	3,643
Other financial assets	8.5	10,370	7,261
Other current assets	9	2,963	3,828
Total current assets		194,028	146,919
Total assets		255,519	194,692
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	10	1,039	1,039
Other equity	11	108,881	89,508
Total equity		109,920	90,547
LIABILITIES			
Non-current liabilities			
Financial liabilities	12		
Lease liabilities	12.1	9,173	7,189
Other financial liabilities	12.2	7,427	3,018
Total non-current liabilities		16,600	10,207
Current liabilities			
Financial liabilities	13		
Borrowings	13.1	3,800	8,973
Lease liabilities	13.2	2,968	2,339
Trade payables	13.3	105,473	65,097
Other financial liabilities	13.4	488	482
Other current liabilities	14	7,595	9,902
Provisions	15	2,850	2,715
Current tax liabilities (net)	16	5,825	4,430
Total current liabilities		128,999	93,938
Total equity and liabilities		255,519	194,692

See accompanying notes to the consolidated financial statements

As per our report of even date attached**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No. 110128)

Bengaluru

Date : April 29, 2022

For and on behalf of the Board of Directors**Pradip P Shah**

Chairman

Mumbai

P Srikar Reddy

Managing Director

Bengaluru

Jagannathan C N

Chief Financial Officer

Bengaluru

R Sathyanarayana

VP - Finance & Accounts

Bengaluru

Mangal Krishnarao Kulkarni

Company Secretary

Bengaluru

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2022

₹ in Lakhs

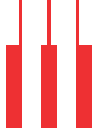
	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
REVENUE			
Revenue	18.1	555,337	422,808
Other income	18.2	10,198	2,775
Total Income		565,535	425,583
EXPENSES			
Purchase of stock-in-trade (traded goods)	19	402,307	299,158
Employee benefit expense	20	73,702	62,548
Finance costs	21	1,805	1,539
Depreciation and amortization expense	3.1, 5 & 35	4,732	3,957
Other expenses	22	32,953	23,167
Total expenses		515,499	390,369
Profit before tax		50,036	35,214
Tax Expense			
Current tax	16	14,547	10,203
Short provision for tax relating to prior years	16	-	2,099
Deferred tax	17	(2,154)	(1,484)
Net tax expense		12,393	10,818
Profit for the year		37,643	24,396
Other Comprehensive Income			
1 (a) Items that will not be reclassified to profit/(loss)		(1,111)	(69)
(b) Income tax relating to Items that will not be reclassified to profit/(loss)		278	17
		(833)	(52)
2 Items that will be reclassified to profit/(loss)			
(a) Exchange differences in translating the financial statements of foreign operations		478	1,040
(b) Exchange differences on forward cover		1,166	3,535
(c) Income tax relating to Items that will be reclassified to profit/(loss)		(411)	(1,134)
		1,233	3,441
Total		400	3,389
Total Comprehensive Income for the year		38,043	27,785
Total comprehensive income attributable to:			
Owners of the company		38,043	27,785
Non-controlling interest		-	-
		38,043	27,785
Profit for the year attributable to:			
Owners of the company		37,643	24,396
Non - controlling interest		-	-
		37,643	24,396
Other Comprehensive Income for the year attributable to:			
Owners of the company		400	3,389
Non - controlling interest		-	-
		400	3,389
Earnings per share (on ₹ 1 per share)			
Basic (₹)	38	36.23	23.48
Diluted (₹)	38	36.21	23.48

See accompanying notes to the consolidated financial statements

As per our report of even date attached**For Deloitte Haskins & Sells LLP**Chartered Accountants
(Firm's Registration No. 117366W/W-100018)**Gurvinder Singh**Partner
(Membership No. 110128)
Bengaluru**For and on behalf of the Board of Directors****Pradip P Shah**Chairman
Mumbai**P Srikar Reddy**Managing Director
Bengaluru**Jagannathan C N**Chief Financial Officer
Bengaluru**R Sathyanarayana**VP - Finance & Accounts
Bengaluru**Mangal Krishnarao Kulkarni**Company Secretary
Bengaluru

Date : April 29, 2022





CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2022

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax	50,036	35,214
Adjustments for :		
Depreciation and amortization expense	4,732	3,957
Goodwill impairment	2,293	-
Finance costs	1,714	1,463
Impairment loss recognised on trade receivables and bad debts written off	(733)	1,034
Interest from unwinding of rent deposits discounted	(14)	(27)
Lease payment concessions	(142)	(128)
Interest from fixed deposits/margin money with banks	(2,849)	(1,645)
Interest from PSU bonds	(10)	-
Net (gain) / loss on sale of property, plant and equipment / scrapped	-	25
Net gain on investments carried at fair value through profit and loss	(553)	(340)
Expenses on employee stock based compensation	34	(53)
Net unrealized foreign exchange (gain) / loss	(126)	(316)
Operating profit before working capital changes	54,382	39,184
Changes in operating assets and liabilities:		
Decrease/(Increase) in trade receivables	(26,275)	3,852
Decrease/(increase) in other financial assets non-current	28	143
Decrease/(increase) in other financial assets-current	(1,529)	461
Decrease/(increase) in other non-current assets	83	(238)
Decrease/(increase) in other current assets	866	681
(Decrease)/Increase in trade payables	40,809	10,734
(Decrease)/increase in other financial liabilities non-current	(4465)	(646)
(Decrease)/increase in other current liabilities	(3,410)	2,991
(Decrease)/increase in provisions	135	422
Net cash flow from operating activities before taxes	60,624	57,584
Income taxes paid, net of refunds	(15,592)	(13,321)
Net cash flow from / (used in) operating activities (A)	45,032	44,263
B. CASH FLOW FROM INVESTING ACTIVITIES		
Expenditure on property, plant and equipment	(963)	(188)
Proceeds from disposal of property, plant and equipment	(1)	4
Purchase of current investments	(258,945)	(95,295)
Purchase of non-current investments	(290)	(188)
Cash outflow on acquisition of subsidiary	(1,430)	(5,047)
Proceeds from sale of current investments	251,563	89,573
Bank balances not considered as Cash and cash equivalents	48	(1,218)
Interest received	1,671	949
Net cash used in investing activities (B)	(8,347)	(11,410)

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2022

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liabilities, net	(2,921)	(2,178)
Proceeds from short-term borrowings	6,858	9,199
Repayment of short-term borrowings	(12,031)	(8,826)
Payment of dividend	(18,693)	(4,065)
Finance costs	(273)	(340)
Net cash used in financing activities	(27,060)	(6,210)
Net increase/(decrease) in cash and cash equivalents	(A+B+C) 9,625	26,643
Opening cash and cash equivalents	64,066	37,221
Exchange difference on translation of foreign currency cash and cash equivalents	(322)	202
Closing Cash and cash equivalents	73,369	64,066
Cash and cash equivalents at the end of the year comprises:		
Cash on hand	1	1
Balances with banks		
In Current accounts	8,729	9,505
In EEFC accounts	1,100	603
In demand deposit accounts	63,539	53,957
	73,369	64,066

See accompanying notes to the consolidated financial statements

As per our report of even date attached**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No. 110128)

Bengaluru

Date : April 29, 2022

For and on behalf of the Board of Directors**Pradip P Shah**

Chairman

Mumbai

P Srikar Reddy

Managing Director

Bengaluru

Jagannathan C N

Chief Financial Officer

Bengaluru

R Sathyanarayana

VP - Finance & Accounts

Bengaluru

Mangal Krishnarao Kulkarni

Company Secretary

Bengaluru





STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

(a) Equity share capital

₹ in Lakhs

Balance as at April 1, 2020	1,039
Add: Shares issued on exercise of employee stock options	-
Balance as at March 31, 2021	1,039
Balance as at April 1, 2021	1,039
Add: Shares issued on exercise of employee stock options	-
Balance as at March 31, 2022	1,039

(b) Other equity

₹ in Lakhs

	Reserves and Surplus (Refer note 11)						Items of Other comprehensive income (Refer note 11)		Total Other Equity
	Securities premium Reserve	Capital Redemption Reserve	General reserve	ESOP Reserve	Retained Earnings	Remeasurement of the defined benefit plans	Effective portion of cash flow hedges	Foreign Currency translation reserve	
Balance as at April 1, 2020	4,493	2,787	8,742	284	52,062	(730)	(1,451)	(259)	65,928
Profit for the year					24,396				24,396
Other comprehensive income, (net of tax)						(52)	2,659	782	3,389
Total comprehensive income for the year					24,396	(52)	2,659	782	27,785
Employee share based payments	4			(53)					(49)
Payment of Cash dividends					(4,156)				(4,156)
Balance as at March 31, 2021	4,497	2,787	8,742	231	72,302	(782)	1,208	523	89,508
Balance as at April 1, 2021	4,497	2,787	8,742	231	72,302	(782)	1,208	523	89,508
Profit for the year					37,643				37,643
Other comprehensive income, (net of tax)						(833)	873	359	399
Total comprehensive income for the year					37,643	(833)	873	359	38,042
Employee share based payments	-			34					34
Payment of Cash dividends					(18,703)				(18,703)
Balance as at March 31, 2022	4,497	2,787	8,742	265	91,242	(1,615)	2,081	882	108,881

As per our report of even date attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No. 110128)

Bengaluru

Date : April 29, 2022

For and on behalf of the Board of Directors

Pradip P Shah

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Chief Financial Officer

Bengaluru

R Sathyanarayana

VP - Finance & Accounts

Bengaluru

Mangal Krishnarao Kulkarni

Company Secretary

Bengaluru

Notes forming part of Consolidated financial statements

1. Company Overview

The Consolidated financial statements of Sonata Software Limited ("Sonata" or the "Company") is made up of the Sonata Software Limited together with its subsidiaries Sonata Information Technology Limited, Sonata Software North America Inc., Interactive Business Information Systems Inc., Sonata Software GmbH, Sonata Europe Limited, Sonata Software FZ-LLC, Sonata Software (Qatar) LLC, Sonata Australia Pty Ltd (formerly known as "Scalable Data Systems Pty Ltd"), Sopris Systems LLC, Sonata Software Solutions Limited, GAPbuster China Co. Ltd, GAPbuster Europe Limited, GAPbuster Inc., Gapbuster Limited, GAPbuster Worldwide Malaysia Sdn Bhd, GAPbuster worldwide Pty Limited, Kabushiki Kaisha GAPbuster Japan, Encore Software Services, Inc., Encore IT Services Solutions Private Limited, Sonata Software Intercontinental Limited and Sonata Software Canada Limited.

The Company is primarily engaged in the business of providing Information Technology Services and Solutions to its customers in the United States of America, Europe, Middle East, Australia and India. The Company is a public limited company incorporated and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. The Company is listed on The National Stock Exchange of India Limited and BSE Limited. The financial statements were approved for issue by the Company's Board of Directors on April 29, 2022.

Material subsidiaries of the Company are:

- a) Sonata Information Technology Limited, in India through which it delivers both software development and consulting services and re-selling of product licenses of leading international software companies such as Microsoft, IBM, Oracle etc.; and
- b) Sonata Software North America Inc., in USA through which it delivers software development and consulting services to its clients in North America.
- c) Sonata Europe Limited, in UK through which it delivers software development and consulting services to its clients in Europe.

The principal accounting policies applied in the preparation of the consolidated 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 Consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

- b. Basis of measurement

The consolidated 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 Consolidated 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 Consolidated 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 Consolidated financial statements is included in the following notes:

- i) Income taxes

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

- ii) Liability towards acquisition of businesses

The Contingent consideration representing liability towards acquisition of business is reassessed at every reporting date. Any increase or decrease in the probability of achievement of financial targets would impact the measurement of the liability. Appropriate changes in estimates are made when the Management becomes aware of the circumstances surrounding such estimates.



iii) Impairment testing

Investments in 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.

iv) Other estimates

The preparation of Consolidated financial statements involves estimates and assumptions that affect the reported amount of assets, liabilities, disclosure of contingent liabilities at the date of Consolidated 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.

The stock compensation expense is determined based on the Company's estimate of equity instruments that will eventually vest.

Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecast transaction.

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

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

2.2 BASIS OF CONSOLIDATION

Sonata consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its controlled trusts and its group companies. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra group balances and transactions including unrealized gain/loss from such transactions are eliminated upon consolidation. These Consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. On controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded.

The list of subsidiary companies included in the consolidated financial statements is as under:

Name of the Entity	Country of Incorporation	% of ownership held as on March 31, 2022	% of ownership held as on March 31, 2021
Sonata Information Technology Limited	India	100%	100%
Sonata Software Solutions Limited	India	100%	100%
Sonata Software North America Inc.	USA	100%	100%
Sonata Europe Limited	UK	100%	100%
Sonata Software GmbH	Germany	100%	100%
Sonata Software FZ LLC	UAE	100%	100%
Sonata Software (Qatar) LLC	Qatar	49%	49%
Interactive Business Information Systems Inc.	USA	100%	100%
Sonata Australia Pty Ltd (formerly known as "Scalable Data Systems Pty Ltd")	Australia	100%	100%
Sopris Systems LLC	USA	100%	100%
GAPbuster Limited (Refer Note ii below)	UK	100%	100%
Gapbuster Europe Limited (Refer Note ii below)	UK	100%	100%
Gapbuster Inc (Refer Note ii below)	USA	100%	100%
Gapbuster Worldwide Pty Limited (Refer Note ii below)	Malaysia	100%	100%
Gapbuster China Co. Limited (Refer Note ii below)	China	100%	100%

Name of the Entity	Country of Incorporation	% of ownership held as on March 31, 2022	% of ownership held as on March 31, 2021
Kabushiki Kaisha Gapbuster Japan (Refer Note ii below)	Japan	100%	100%
Gapbuster Worldwide Malaysia Sdn Bhd (Refer Note ii below)	Malaysia	100%	100%
Encore IT Services Solutions Private Limited (Refer Note iii below)	India	100%	-
Encore Software Services, Inc., (Refer Note iv below)	USA	100%	-
Sonata Software Intercontinental Limited (Refer Note v below)	Ireland	100%	-
Sonata Software Canada Limited (Refer Note vi below)	Canada	100%	-

Notes:

- i) In terms of the Memorandum and Articles of Association, the composition of the Board of Directors of Sonata Software (Qatar) LLC is controlled by the Company and hence it has been considered as subsidiary for the purpose of consolidation.
- ii) Sonata Europe Limited has acquired 100% stake in GAPbuster Ltd, a UK registered Company and its subsidiaries on April 20, 2020.
- iii) Sonata Software Limited (SSL) has acquired 100% stake in Encore IT Services Solutions Private Limited, a Chennai based Company on August 1, 2021.
- iv) Sonata Software North America Inc., (SSNA) has acquired 100% stake in Encore Software Services, Inc. a California based company on August 1, 2021.
- v) Software Intercontinental Limited has been incorporated in Ireland with effect from 8th September, 2021.
- vi) Sonata Software Canada Limited has been incorporated in Canada with effect from 3rd December, 2021.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**a. Functional and presentation currency**

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

b. Property, plant and equipment

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

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

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

c. Capital work-in-progress

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

d. Depreciation/ Amortisation

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

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

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

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



e. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straightline basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangible assets for the current and comparative period are as follows:

Category	Useful Life
Computer Software	3 years
Internally generated - Software	2 years
Intellectual property acquired through business combinations	5 years
Non Compete	4 years
Vendor relation	7 years
Customer Relation	7 years

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 Group 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:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- 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.

Derivative financial instruments and hedging activities

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group enters into derivative contracts to hedge the risks asserted with currency fluctuations relating to firm commitments and highly probable transactions. The Group does not use derivative instruments for speculative purposes.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The ineffective portion of changes in the fair value of the derivative is recognised in the Consolidated Statement of Profit and Loss.

Amounts accumulated in hedging reserve are reclassified to the Consolidated Statement of Profit and Loss in the periods when the hedged item affects the Consolidated Statement of Profit and Loss.

The full fair value of a hedging derivative is classified as a current/ non-current, asset or liability based on the remaining maturity of the hedged item.

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Consolidated Statement of Changes in Equity is recognised in the Consolidated Statement of Profit and Loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the Consolidated 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 Group 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

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

Provident Fund: Employees receive benefits from government administered provident fund, which is a defined contribution plan. The employer and employees each make periodic contributions to the government administered provident and pension funds. The Group has no further obligations to the fund beyond its monthly contributions.

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



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

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

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

Short-term employee benefits

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

The cost of short-term compensated absences is accounted as under :

- a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

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

h. Provisions

Provisions are recognized when the Group 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 Group 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 Consolidated 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 Group 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. Leases

The Group'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 during the year.

The Group 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 Group 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 ₹ 5 Lakhs in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

k. Cash flow Statement:

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

l. Revenue Recognition

The Group derives revenue primarily from Information Technology Services and Solutions. The Group 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 when services are rendered 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 Group 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 Consolidated 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.

When another party is involved in providing goods or services to the customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the entity is a principal) or to arrange for those goods or services to be provided by the other party (ie the entity is an agent). The Group determines whether it is a principal or an agent for each specified good or service promised to the customer. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer. Group recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. Group recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

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.





m. Government grants:

Grants from the Government are recognised by the group when there is reasonable assurance that the conditions attached to the grant will be complied and it will be received.

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense. The grant pertaining to an asset is recognized as income over the expected useful life of the asset.

n. Dividend :

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

The Finance Act 2021 has abolished the Dividend Distribution Tax (DDT) and has shifted the tax liability on dividends to the shareholders. Accordingly, the Company distributes the dividend after deducting the taxes at applicable rates.

o. 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 consolidated 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.

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate in effect at the balance sheet date.

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.

p. 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 Consolidated statement of profit and loss on the date that the Group's right to receive payment is established.

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

q. Share based payments

Employees of the Group receive remuneration in the form of cash and equity settled instruments, for rendering services over a defined vesting period. Equity instruments granted are measured by reference to the fair value of the instrument at the date of grant. The equity instruments are granted by the Employee Welfare Trust.

The expense is recognized in the Consolidated Statement of Profit and Loss with a corresponding increase to the share based payment reserve, a component of equity.

The equity instruments generally vest in a graded manner over the vesting period. The fair value determined at the grant date is expensed over the vesting period of the respective tranches of such grants (accelerated amortization).

The fair value of the amount payable to the employees in respect of Stock Appreciation Rights (SAR), which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the SAR plan. Any changes in the liability are recognized in Consolidated Statement of Profit and Loss.

r. Impairment

a) Financial assets

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

The Group assesses at each Balance Sheet date whether a financial asset or a group of financial assets is impaired. The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivable and unbilled revenue. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Group 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 Consolidated Statement of Profit and Loss.

b) Non-financial assets

The Group 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 profit or 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 profit or loss.

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").

s. Business combination, Goodwill and Intangible assets

Business combinations other than through common control transactions are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations through common control transactions are accounted on a pooling of interests method.

Transaction costs incurred in connection with a business combination are expensed as incurred.

i) Goodwill

The excess of the cost of acquisition over the Company's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, it is considered as a bargain purchase gain and included under capital reserve.

ii) Intangible assets

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

t. 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.

u. 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 Group, 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.

v. 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 Group does not recognize a contingent asset.

w. 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.





3.1 Property, plant and equipment

₹ in Lakhs

	Buildings	Office equipments	Leasehold improvements	Furniture and fixtures	Plant and equipments	Vehicles	Total
Gross carrying value (Deemed cost) As at April 1, 2020	115	600	1,327	592	2,589	169	5,392
Acquisitions through business combinations (Refer note 36)	-	-	-	10	39	-	49
Additions	-	2	8	3	63	-	76
Disposals	-	(46)	(245)	(185)	(352)	(7)	(835)
Translation adjustment	-	13	(16)	16	22	-	35
As at March 31, 2021	115	569	1,074	436	2,361	162	4,717
As at April 1, 2021	115	569	1,074	436	2,361	162	4,717
Acquisitions through business combinations (Refer note 36)	-	3	-	7	87	-	97
Additions	-	9	42	3	817	-	871
Disposals	-	(1)	(2)	(4)	(7)	-	(14)
Translation adjustment	-	4	25	9	48	-	86
As at March 31, 2022	115	584	1,139	451	3,306	162	5,757
Accumulated Depreciation							
As at April 1, 2020	10	419	927	415	1,392	99	3,262
Depreciation for the year	2	57	58	45	539	22	723
Depreciation on disposals	-	(42)	(234)	(169)	(352)	(7)	(804)
Translation adjustments	-	14	(12)	(1)	23	-	24
As at March 31, 2021	12	448	739	290	1,602	114	3,205
As at April 1, 2021	12	448	739	290	1,602	114	3,205
Depreciation for the year	2	34	143	35	531	15	760
Depreciation on disposals	-	(1)	(2)	(4)	(7)	-	(14)
Translation adjustments	-	3	3	8	22	-	36
As at March 31, 2022	14	484	883	329	2,148	129	3,987
Net carrying value							
As at March 31, 2022	101	100	256	122	1,158	33	1,770
As at March 31, 2021	103	121	335	146	759	48	1,512

3.2 Capital work-in-progress

The table below provides details regarding ageing for Capital Work-In-Progress (CWIP):

₹ in Lakhs

	For a period of				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022	1	-	-	-	1
As at March 31, 2021	12	-	-	-	12

Notes forming part of Consolidated financial statements

4. Goodwill

Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period:

₹ in Lakhs

Goodwill	As at March 31, 2022	As at March 31, 2021
Cost or deemed cost	24,365	17,591
Accumulated impairment losses	(2,293)	-
Total	22,072	17,591
Cost or deemed cost		
Balance at beginning of year	17,591	15,578
Additional amounts recognised from business combinations occurring during the year	6,179	1,904
Impairment loss recognized on Sopris Systems, LLC	(2,293)	-
Effect of foreign currency exchange differences	595	109
Balance at end of year	22,072	17,591

Allocation of goodwill to cash generating units:

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash generating units (CGU), to be benefited through the synergies of the acquisition. On each reporting date, the company reviews the goodwill for any impairment, which is represented through CGU's.

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

₹ in Lakhs

Cash generating units	As at March 31, 2022	As at March 31, 2021
Xyka Software Pvt. Ltd.	282	282
Rezopia Inc.	914	881
Halosys Technologies Inc.	2,327	2,245
Interactive Business Information Systems Inc.	5,826	5,620
Sonata Australia Pty Ltd (Formerly known as Scalable Data System Pty Ltd.)	2,104	2,062
Sopris Systems, LLC	2,257	4,386
Gapbuster Ltd	2,158	2,115
Encore Software Services, Inc.	6,204	-
Total	22,072	17,591

At the end of each reporting period presented, the recoverable amount of a CGU is higher of its fair value less cost to sell and its value-in-use. The value in use determined based on the specific calculations. These calculations are based on net present value of cash flow projections over a period of five years discounted at the rate of 18%(FY 2020-21 -18%) which is arrived after consulting the valuation experts. The Company has considered steady growth rate of 2.5% to 15% YOY from FY 2022-23 onwards (FY 2021-22 - 2% to 15% YOY). EBITDA margins considered in the projections are based on international services and for FY 22-23 onwards it is taken at 7% to 22%(FY 2021-22 - 5% to 22%) based on financial budgets approved by management except for the below CGUs.

Since the recoverable amount determined for Sopris Systems LLC, was lower than the carrying value of the respective CGU, the Company has recognized an impairment loss of ₹ 2,293 lakhs for the year ended March 31, 2022 (March 31, 2021 is ₹ Nil).



5. Other intangible assets

(₹ in Lakhs)

	Computer software - purchased	Internally generated software	Intellectual Property	Non Compete	Vendor relation	Customer Relation	Contracts in Progress	Brand Value	Total of Intangible Assets
Gross carrying value (Deemed cost)									
As at April 1, 2020	3	480	655	26	1,081	1,575	709	-	4,529
Acquisitions through business combinations (Refer note 36)	2	1,596	-	290	-	870	-	387	3,145
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Translation adjustment	28	-	-	-	-	-	-	-	28
As at March 31, 2021	33	2,076	655	316	1,081	2,445	709	387	7,702
As at April 1, 2021	33	2,076	655	316	1,081	2,445	709	387	7,702
Acquisitions through business combinations (Refer note 36)	2	-	-	-	-	3,438	1,528	-	4,968
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Translation adjustment	(1)	-	-	-	-	-	-	-	(1)
As at March 31, 2022	34	2,076	655	316	1,081	5,883	2,237	387	12,669
Accumulated Depreciation									
As at April 1, 2020	3	480	213	23	687	313	433	-	2,152
Amortization for the year	3	285	78	104	182	376	224	41	1,293
Amortization on disposals	-	-	-	-	-	-	-	-	-
Translation adjustments	27	(104)	(32)	(38)	(73)	(147)	(130)	(15)	(512)
As at March 31, 2021	33	661	259	89	796	542	527	26	2,933
As at April 1, 2021	33	661	259	89	796	542	527	26	2,933
Depreciation for the year	2	306	66	111	183	566	339	45	1,618
Depreciation on disposals	-	-	-	-	-	-	-	-	-
Translation adjustments	(3)	(151)	(3)	(2)	(13)	(110)	159	(49)	(172)
As at March 31, 2022	32	816	322	198	966	998	1,025	22	4,379
Net carrying value									
As at March 31, 2022	2	1,260	333	118	115	4,885	1,212	365	8,290
As at March 31, 2021	-	1,415	396	227	285	1,903	182	361	4,769

6.1 Investments

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Non-Trade, Long-term		
In Foreign Holdings		
Equity instruments carried at fair value (Quoted) through profit & loss		
138 shares of US \$ 0.01 per share of Principal Financial Group Inc., (As at March 31, 2021 : 138 Shares of US \$ 0.01 per share)	8	6
Equity instruments carried at fair value (Unquoted) through OCI		
Investment in simple for future equity - Retail 10X, Inc.	644	610
Investment in SemiCab, Inc.	265	256
Investment - Treeni Sustainability Solutions Inc.	227	183
Investments carried at fair value through profit & loss:		
Investments in PSU Bonds (Quoted)	241	-
Total	1,385	1,055

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Aggregate amount of quoted investments	249	6
Market value of quoted investment	249	6
Aggregate carrying amount of unquoted investments	1,136	1,049
Investments carried at fair value through other comprehensive income	1,136	1,049
Investments carried at fair value through profit & loss	249	6

Sonata Software Limited has acquired investment in securities of Infrastructure Leasing and Financial Services Limited having fair value of Rs Nil on surrender of exemption granted to the Employees Provident Fund Trust (Trust) and transferring the provident fund accumulation of employees to the Employees' Provident Fund Organisation (EPFO), Mumbai. The Company has funded Rs. 1,672 Lakhs (Rs. 122 Lakhs in the current year) towards the losses incurred by the Trust.

6.2. Other financial assets

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Balance held as margin money or security against borrowings	1,937	1,951
Security deposits	1,858	1,635
Total	3,795	3,586

7. Other non-current assets

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good unless otherwise stated		
Other deposits	31	32
Prepaid expenses	76	394
Advance tax (net of provision for tax ₹ 47,399 (for March 31, 2021 ₹ 38,274))	10,641	8,192
Balances with government authorities		
Receivable from Customs authority	219	219
Receivable from GST authority	2	2
	221	221
Other recoverables		
Considered good	36	24
Considered doubtful	125	125
	161	149
Less : Allowance for doubtful recoverable	125	125
	36	24
Total	11,005	8,863





8.1 Investments

Investments carried at fair value through profit & loss:

₹ in Lakhs

	As at March 31, 2022		As at March 31, 2021	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Investments in mutual funds (Quoted)				
Aditya Birla Sunlife Money Manager Fund - Growth Regular		-	719,350	2,065
Aditya Birla Sunlife Money Manager Fund	168,698	504		-
Axis Overnight Fund - Direct Plan - Growth Option	49,231	553		-
Axis Overnight Fund - Direct Growth	22,357	251		-
Aditya Birla Sunlife Overnight Fund - Growth Direct Plan	91,530	1,052		-
Axis Overnight Fund Direct Growth	133,523	1,502		-
HDFC Overnight Fund - Growth Option - Direct Plan	9,528	301		-
ICICI Prudential short term Fund - Growth Option	1,137,375	544	1,137,375	522
Tata Money Market Fund- Direct Plan- Growth	47,532	1,818		-
Tata Liquid Fund - Direct Plan Growth	11,423	384		-
TATA Overnight Fund-Direct Plan-Growth	89,214	1,000		-
Axis Liquid Fund Direct Growth	1,459	34		-
IDFC G - Sec Investment Fund	1,333,916	407		-
ICICI Prudential Money Market Fund		-	649,908	1,919
ICICI Prudential Liquid Fund -Direct Plan Growth		-	689,451	2,036
IDFC Overnight Fund - Direct Plan - Growth	88,238	1,001		-
DSP Overnight Fund-Direct Plan-Growth	17,573	200		-
Aditya Birla Sun Life Overnight Fund-Direct Plan-Growth	52,305	601		-
Axis Money Market	44,969	518		-
ABSL Savings Fund	253,352	1,129		-
HDFC UST Fund	891,723	111		-
SBI Overnight Fund - Direct plan - Growth	14,450	500		-
L&T Overnight Fund Direct Growth	30,160	500		-
UTI - Overnight Fund - Direct Plan - Growth Option	22,354	650		-
UTI Money Market Fund Direct Growth	28,596	712		-
Axis Overnight Fund	10,411	120		-
Investments in PSU Bonds (Quoted)				
Investments in PSU Bonds		84		-
Total		14,476		6,542

8.2 Trade receivables

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured		
Considered good	89,256	61,579
Considered doubtful	1,583	2,529
	90,839	64,108
Less : Allowances for credit losses	1,583	2,529
Total	89,256	61,579

Movement in allowances for credit losses

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	2,529	1,785
Movement in allowances for credit losses on trade receivables (including expected credit loss allowance on trade receivables calculated at lifetime expected credit loss)	(946)	744
Provision at the end of the year	1,583	2,529

Expected Credit Loss

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed.

Trade receivable ageing schedule

₹ in Lakhs

	Outstanding for the following period from due date of payments						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - Considered Good							
As at March 31, 2022	77,098	12,270	983	-	247	241	90,839
As at March 31, 2021	50,188	6,907	5,525	937	461	90	64,108

8.3. Cash and cash equivalents

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Cash on hand	1	1
Balances with banks		
In current accounts	8,729	9,505
In EEFC accounts	1,100	603
In demand deposit accounts	63,539	53,957
Total	73,369	64,066

8.4. Bank balances other than above

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
In fixed deposit accounts	1,726	1,514
In earmarked accounts		
Balance held as margin money or security against borrowings	1,390	1,662
Unpaid dividend account	478	467
Total	3,594	3,643

8.5. Other financial assets

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Security deposits	242	195
Interest accrued but not due on fixed deposits/margin money	1,887	699
Unbilled revenue	5,148	3,666
Fair value of forward contracts (Refer note 26)	3,093	2,701
Total	10,370	7,261



**9. Other current assets**

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Other deposits	162	103
Loans and advances to employees	173	94
Prepaid expenses	982	446
Balances with government authorities		
Receivable from service tax authority	6	40
VAT credit receivable	101	290
GST credit receivable	634	543
Other recoverables	905	2,312
Total	2,963	3,828

10. Equity Share capital

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Authorized		
150,000,000 equity shares of face value ₹ 1/- each	1,500	1,500
(As at March 31, 2021 : 150,000,000 equity shares of face value ₹ 1/- each)		
Issued		
105,159,306 equity shares of face value ₹ 1/- each fully paid-up	1,052	1,052
(As at March 31, 2021 : 105,159,306 equity shares of face value ₹ 1/- each)		
Subscribed and paid-up		
103,920,181 equity shares of face value ₹ 1/- each fully paid-up	1,039	1,039
(As at March 31, 2021 : 103,908,181 equity shares of face value ₹ 1/- each)		
Out of issued capital, 1,239,125 (As at March 31, 2021 - 1,251,125) shares are held by Sonata Software Limited Employee Welfare Trust		
1,239,125 equity shares held by trust of face value ₹ 1/- each	13	13
(As at March 31, 2021 : 1,251,125 equity shares of face value ₹ 1/- each)		
Total	1,039	1,039

Refer notes (i) to (v) below

Notes :

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year		
Equity shares with voting rights		
Number of shares outstanding at the beginning of the year	103,908,181	103,908,181
Add: Share issued on exercise of employee stock options	12,000	-
	103,920,181	103,908,181
Add: Number of shares held by Sonata Software Limited Employee Welfare Trust (Shares issued for consideration other than cash)	1,239,125	1,251,125
Number of shares outstanding at the end of the year	105,159,306	105,159,306

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

The Company has equity shares having a par value of ₹ 1/-. Each shareholder, other than shares issued to Sonata Employee Stock Option Trust, is entitled to one vote per share. The shareholders have the right to receive interim dividends declared by the Board of directors and final dividends proposed by the Board and approved by the shareholders.

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

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

iii) Details of shares held by each shareholder holding more than 5% shares

	March 31, 2022		March 31, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Hemendra M Kothari	9,600,000	9.13	10,660,026	10.14
Akshay Rajan Raheja	8,250,000	7.85	8,250,000	7.85
Viren Rajan Raheja	8,250,000	7.85	8,250,000	7.85
Suman R Raheja	6,900,000	6.56	6,900,000	6.56
HDFC Small cap fund (formerly known as HDFC Trustee Company Limited - A/C HDFC Multi-Asset Fund)	7,774,103	7.39	8,892,000	8.46

iv) Details of shares held by each promoter

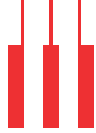
	March 31, 2022		March 31, 2021	
	No. of shares	% of holding	No. of shares	% of holding
Akshay Rajan Raheja	8,250,000	7.85	8,250,000	7.85
Viren Rajan Raheja	8,250,000	7.85	8,250,000	7.85
Suman R Raheja	6,900,000	6.56	6,900,000	6.56
Rajan B Raheja	4,787,450	4.55	4,787,450	4.55
Excelsior Construction Company Private Limited	1,150,000	1.09	1,150,000	1.09
Fantasia Enterprises Private Limited	143,000	0.14	143,000	0.14
Siena Traders Private Limited	143,000	0.14	143,000	0.14

₹ in Lakhs

	March 31, 2022	March 31, 2021
(v) 1,239,125 equity shares held by trust of face value ₹ 1/- each	13	13
(As at March 31, 2021 : 1,251,125 equity shares of face value ₹ 1/- each)		

(vi) During the year ended March 31, 2022 on account of final dividend for fiscal 2021 the Company has incurred a net cash outflow of ₹ 10,391 lakhs and interim dividend of ₹ 8,312 lakhs for fiscal 2022.





11. Other equity

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Securities premium reserve	4,497	4,497
Amount received on issue of shares in excess of the par value has been classified as security premium, net of utilisation.		
Capital redemption reserve	2,787	2,787
A statutory reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of company's own share pursuant to section 69 of the Company Act 2013.		
General reserve	8,742	8,742
This represent appropriation of profit by the Company.		
Employee Stock option reserve	265	231
This represents value of equity-settled share based payment transaction with employees.		
Retained earnings		
Opening balance	72,302	52,062
Profit for the year	37,643	24,396
Less :		
Dividend paid	18,703	4,156
Closing balance	91,242	72,302
Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.		
Remeasurement of the defined benefit plans		
Opening balance	(782)	(730)
For the year (net of tax)	(833)	(52)
Closing balance	(1,615)	(782)
Actuarial gain or (losses) on gratuity benefit are recognised in other comprehensive income.		
Other comprehensive income		
Effective portion of cash flow hedges		
Opening balance	1,208	(1,451)
Adjustments during the year		
Exchange difference on cash flow hedges	1,166	3,535
Tax impact on above	(293)	(876)
Closing balance	2,081	1,208
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.		
Exchange difference on foreign currency translation		
Opening balance	523	(259)
For the year (net of tax)	359	782
Closing balance	882	523
Total	108,881	89,508

12.1. Lease liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Lease liabilities (Refer Note 35)	9,173	7,189
Total	9,173	7,189

12.2. Other financial liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Payable for contingent consideration	7,045	2,649
Payable for Deferred Consideration	382	369
Total	7,427	3,018

13.1. Borrowings

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Loans repayable on demand		
From banks - Secured	2,274	5,483
Working capital loan based on corporate guarantee given by Sonata Software Limited to Citi Bank NA US and which is repayable on demand		
From banks - Secured	1,052	1,015
Paycheck protection program loan received from Small Business administration, US Treasury		
From banks - Unsecured	474	2,475
Total	3,800	8,973

13.2. Lease liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Lease Liabilities (Refer Note 35)	2,968	2,339
Total	2,968	2,339

13.3. Trade payables

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Trade payables	105,473	65,097
Total	105,473	65,097

Trade payables ageing schedule

₹ in Lakhs

	Outstanding for the following period from due date of payments						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022	13,226	91,211	284	352	63	337	105,473
As at March 31, 2021	10,120	45,871	8,747	60	35	264	65,097



**13.4. Other financial liabilities**

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unpaid dividends	478	467
Payable on acquisition of property, plant and equipment	8	13
Other liabilities	2	2
Total	488	482

14. Other current liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Interest accrued and due on borrowings	2	10
Income received in advance (Unearned revenue)	2,080	2,683
Gratuity payable (net) (Refer Note 29)	603	885
Other payables		
Statutory remittances	3,633	3,354
Advances from customers	956	1,217
Other liabilities	321	1,753
Total	7,595	9,902

15. Provisions

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Compensated absences	2,845	2,696
Gratuity	5	19
Total	2,850	2,715

16. Current tax liabilities (net)

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Provision for tax (net of advance tax ₹ 24,846 (for March 31, 2021 ₹ 23,047))	5,825	4,430
Total	5,825	4,430

Income Tax

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Income tax expense in the statement of profit and loss consists of:		
Current Tax:		
In respect of current year	14,547	10,203
In respect of prior years	-	2,099
Deferred Tax:		
In respect of current year	(2,154)	(1,484)
Total Income tax expense recognised in the statement of profit and loss	12,393	10,818
(b) Income tax recognised in other Comprehensive income		
Deferred tax related to items recognised in other comprehensive income during the year:		
Net loss / (gain) on measurement of defined benefit plan	(278)	(17)
Net loss / (gain) on measurement of exchange difference	411	1,134
Total	133	1,117
The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:		
Profit before tax	50,036	35,214
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	12,593	8,863
Effect of:		
Income under section 10AA	(1,064)	(251)
Expenses that are not deductible in determining taxable profit	161	132
Provision for tax relating to prior years	51	2,099
Different tax rates of Subsidiaries operating in other jurisdictions	643	(70)
Others	9	19
Income tax expense recognised in the statement of profit and loss	12,393	10,818

The applicable Indian corporate statutory tax rate for the year ended March 31, 2022 and March 31, 2021 is 25.17% and 25.17% respectively.

The group is having unit in Bengaluru registered as Special Economic Zone (SEZ) unit, which is entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961. Under the Income-tax Act, 1961, the unit in Bengaluru is liable to pay Minimum Alternate Tax in the tax holiday period. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The group is also subject to tax on income attributable to its permanent establishments in foreign jurisdictions due to operation of its foreign branches.



17. Deferred Tax

Deferred Tax assets / (liabilities) as at March 31, 2022 in relation to:

₹ in Lakhs

	As at April 1, 2021	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Arising from Business Combination	Others	As at March 31, 2022
Property, plant and equipment	756	10	-	-	-	766
Intangible assets*	(828)	128	-	(1,292)	-	(1,992)
Allowances for credit losses	561	(242)	-	-	-	319
Disallowance u/s 40(a)	900	1,076	-	-	-	1,976
Disallowance u/s 43B	709	660	-	-	-	1,369
Net gain or loss on fair value of Mutual Funds	(37)	14	-	-	-	(23)
Defined benefit plans	116	-	278	-	-	394
Translation of foreign operations	(365)	-	(119)	-	-	(484)
Fair value changes on derivatives designated as cash flow hedges	58	-	(292)	-	-	(234)
MAT Credit	168	441	-	-	-	609
Impairment loss recognised on investments of PF Trust	140	(140)	-	-	-	-
Others	(284)	207	-	-	(10)	(87)
Total	1,894	2,154	(133)	(1,292)	(10)	2,613

*Deferred tax liabilities on Intangible Assets is due to acquisition during the year. Refer note 36 for details.

Deferred Tax assets / (liabilities) as at March 31, 2021 in relation to:

₹ in Lakhs

	As at April 1, 2020	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Arising from Business Combination	Others	As at March 31, 2021
Property, plant and equipment	737	19	-	-	-	756
Intangible assets*	28	(2)	-	(854)	-	(828)
Allowances for credit losses	233	328	-	-	-	561
Disallowance u/s 40(a)	548	352	-	-	-	900
Disallowance u/s 43B	610	99	-	-	-	709
Net gain or loss on fair value of Mutual Funds	(118)	81	-	-	-	(37)
Defined benefit plans	99	-	17	-	-	116
Translation of foreign operations	(107)	-	(258)	-	-	(365)
Fair value changes on derivatives designated as cash flow hedges	934	-	(876)	-	-	58
MAT Credit	-	168	-	-	-	168
Impairment loss recognised on investments of PF Trust	(80)	220	-	-	-	140
Others	(445)	219	-	-	(58)	(284)
Total	2,439	1,484	(1,117)	(854)	(58)	1,894

*Deferred tax liabilities on Intangible Assets is due to acquisition during the year. Refer Note 36 for details.

Deferred tax assets has not been recognised on accumulated long term capital loss of ₹ 3,577 Lakhs and ₹ 3,577 Lakhs as at March 31, 2022 and March 31, 2021 respectively as it is probable that taxable profit will not be available against which the unused tax losses can be utilised in foreseeable future.

Unused tax losses (long term capital loss) which expire in various years are given below:

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
-AY 2022-23	2,154	2,154
-AY 2024-25	461	461
-AY 2025-26	962	962
Total	3,577	3,577

18.1. Revenue

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from hardware/software product and licenses	421,918	314,232
Revenue from software services (Refer Note 23)	133,326	108,522
Other operating revenues	93	54
Total	555,337	422,808

18.2. Other income

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest		
from fixed deposits/margin money with banks	2,849	1,645
from unwinding of rent deposits discounted	14	27
from PSU bonds	10	-
Net gain on foreign currency transactions and translations	1,451	311
Net gain on investments carried at fair value through profit and loss	553	340
Commission	34	-
Miscellaneous income	5,287	452
Total	10,198	2,775

19. Purchase of stock-in-trade (traded goods)

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Purchase of traded items	402,307	299,158
Total	402,307	299,158

20. Employee benefit expense

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries including bonus	67,779	56,035
Contribution to provident and other funds	4,393	4,005
Share based payments to employees (Refer Note 30)	415	1,436
Gratuity (Unfunded)	3	-
Staff welfare expenses	1,112	1,072
Total	73,702	62,548



**21. Finance costs**

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expenses on:		
Borrowings	81	149
Lease liability (Refer Note 35)	1,252	1,014
Unwinding contingent consideration	196	99
Others	91	76
Other borrowing costs	185	201
Total	1,805	1,539

22. Other expenses

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Power and Fuel	316	295
Rent	637	913
Repairs and maintenance - Buildings	13	4
Repairs and maintenance - Machinery	350	138
Insurance	952	675
Rates and taxes	1,083	800
Communication cost	827	686
Facility maintenance	639	493
Travelling and conveyance expenses	514	390
Sales commission	1,057	1,181
Professional and technical fees	7,311	3,527
Legal fees	87	147
Recruitment	1,156	342
Insourcing professional fees	13,248	9,439
Expenditure on corporate social responsibility (Refer Note 37)	588	525
Advances written off	370	-
Software license fees	652	1,071
Payments to auditors (refer note below)	124	125
Net loss on property, plant and equipment sold / scrapped	-	25
Impairment loss recognised on trade receivables and bad debts written off	(733)	1,034
Goodwill impairment (Refer note 4)	2,293	-
Miscellaneous expenses	1,469	1,357
Total	32,953	23,167

Note - Payment to auditors comprises (net of input tax credit):

Remuneration to statutory auditors for audit of Company and its subsidiaries	124	114
Remuneration to statutory auditors for other services	-	11
Reimbursement of expenses	-	-
	124	125

23. Revenue from software services

Disaggregate revenue information

The table below presents disaggregated revenues From contracts with customers by geography and contract type. The Group believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

₹ in Lakhs

	For the year ended March 31, 2022		For the year ended March 31, 2021	
	India	Other than India	India	Other than India
Time & Material	9,364	97,271	7,390	82,891
Fixed Price	7,154	19,537	5,258	12,983

Trade receivables and Contract Balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

Trade receivable and unbilled revenues are presented net of impairment in the Balance Sheet.

During the year ended March 31, 2022, ₹ 3,666 Lakhs of unbilled revenue as of April 1, 2021 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

During the year ended March 31, 2022, the company recognized revenue of ₹ 2,683 Lakhs arising from opening unearned revenue as of April 1, 2021.

Performance obligations and remaining performance obligations

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

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2022, other than those meeting the exclusion criteria mentioned above, is ₹ Nil.

24. Contingent Liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
a) Guarantees		
The Group has given corporate guarantees to certain suppliers of Sonata Information Technology Limited (SITL) and Sonata Software North America (SSNA).	36,500	35,227
b) Disputed demand of Service tax		
(i) The demand for payment of service tax for the period from FY 2006-07 to FY 2012-13 on services received and consumed by UK branch of the company and a subsidiary company at USA, treating it as import of service, wrong availment of cenvat credit and usage of software services provided to subsidiary. The company had filed appeal before the Commissioner of Appeals and is confident of getting favorable outcome based on legal precedents which support its stand.	1,028	1,028
c) Other claims against the Group not acknowledged as debt	6,148	3,136
d) Disputed demands of Income-tax	38,892	38,817



Details of disputed demands of Income-tax primarily relates to:

(₹ in Lakhs)

(i) Disallowance of claims made under Section 10A of the Income-tax Act, 1961

The Company does its business of software exports through multiple operating units or undertakings registered under the Software Technology Park Scheme of India. In computing taxable profit from the export of software, the Company claims exemptions provided to registered software technology parks, undertakings and units as provided under Section 10A of the Income-tax Act, 1961 ("Act").

For the financial year 2005-06 and 2006-07, ₹ 4,570 (As at March 31, 2021- ₹ 4,570), the Sonata Software Limited (SSL) has received favorable order from Income-tax Appellate Tribunal (ITAT) and the Department has preferred an appeal before the Honorable High Court of Mumbai.

For financial year 2010-11 ₹ 2,275 (As at March 31, 2021 ₹ 2,275), Assessing Officer has re-opened the Assessment under section 148 of the Act and disallowed 10A benefit. SSL has preferred an appeal before Commissioner of Income-tax (Appeals).

(ii) Disallowance of Inter-Company Service Charges

SSL, the holding company charges SITL for certain support services rendered and for the cost of project personnel deputed. These support services and costs for deputation are being disallowed by the Income-tax department while computing taxable profits of SITL. SITL has challenged these disallowances and consequent demands at appellate levels and is confident of a favorable outcome.

Details of Demands and Forums where they are pending are:

- i. ₹ 4,402 (As at March 31, 2021 - ₹ 4,402) for the financial years 2001-02, 2003-04 to 2009-10. SITL has received favorable orders from the Income-tax Appellate Tribunal (ITAT). The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.
- ii. ₹ 522 (As at March 31, 2021- ₹ 447) for the financial year 2002-03. The Income-tax department's appeal to the Honorable High Court of Mumbai was time barred and hence dismissed. The Income-tax department had preferred a Special Leave Petition on the said dismissal to the Honorable Supreme Court of India which had referred the petition back to the Honorable High Court of Mumbai to reconsider its decision. The Honorable High Court of Mumbai admitted the appeal.
- iii. ₹ 3,407 (As at March 31, 2021- ₹ 3,407) for financial year 2014-15, 2015-16 and 2016-17. The assessing officer has disallowed the intercompany service charges and cost for deputation of personnel. SITL has filed appeal before Commissioner of Income-tax (Appeals).

(iii) Disallowance of payments made for purchase of software on which Income-tax was not withheld.

Payment in the nature of Royalty on which Income-tax have not been deducted at source are subject to disallowance as an 'expense' as per Sections 40(a)(i) and 40(a)(ia) while computing taxable profits of SITL. The Income-tax department, holding payments for purchase of software as "Royalty" disallowed the expense while computing taxable profits of SITL.

The Honorable High Court of Karnataka had given an unfavorable decision and held the payments for purchase of software as "Royalty". However, the said demands which are consequential and penal in nature do not arise automatically and there are multiple legal precedents in favor of the Company. Based on supreme court favorable order with respect to withholding tax demand, the Company is confident of a favorable outcome on these consequential demands.

Details of demands raised and the forum where these are pending are:

- i. ₹ 23,644 (As at March 31, 2021 - ₹ 23,644) of tax demand for the financial years 2001-02, 2002-2003, 2006-07 and 2007-08. SITL had received a favorable order from ITAT. The Income-tax department had preferred an appeal to the Honorable High Court of Mumbai.
 - ii. ₹ 72 (As at March 31, 2021 - ₹ 72) for the financial year 2014-15, 2015-16 and 2016-17. The assessing officer has disallowed payments made for purchase of software on non-deduction of tax. SITL has preferred an appeal before CIT(A).
- e) In addition, the Group in the ordinary course of business receives various claims from its customers and other business partners. Based on review of such matters and the information available at this time, the Group does not anticipate that any of these will result in a settlement that will have a material impact on its Consolidated financial statements.

25. Commitments

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Estimated amount of contracts remaining to be executed on capital account and not provided for	67	7

26 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2022 and March 31, 2021 is as follows:

₹ in Lakhs

	Note No.	Carrying Value		Fair Value	
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial assets					
Amortised Cost					
Security Deposits	6.2 & 8.5	2,100	1,830	2,100	1,830
Trade receivable	8.2	89,256	61,579	89,256	61,579
Cash and cash equivalents	8.3	73,369	64,066	73,369	64,066
Bank balances other than Cash & cash equivalents	8.4	3,594	3,643	3,594	3,643
Other financial assets	6.2 & 8.5	8,972	6,316	8,972	6,316
FVTPL					
Investment in Mutual Fund	8.1	14,392	6,542	14,392	6,542
Investment in Equity instruments (Quoted)	6.1	8	6	8	6
Investment in PSU Bonds	6.1 & 8.1	325	-	325	-
Forward Contracts	8.5	2,402	2,211	2,402	2,211
FVTOCI					
Investment in Equity instruments (Unquoted)	6.1	1,136	1,049	1,136	1,049
Forward Contracts	8.5	691	490	691	490
Total Assets		196,245	147,732	196,245	147,732
Financial liabilities					
Amortised Cost					
Borrowings	13.1	3,800	8,973	3,800	8,973
Trade payables	13.3	105,473	65,066	105,473	65,066
Lease Liabilities	12.1 & 13.2	12,141	9,528	12,141	9,528
Other financial liabilities	13.4	488	482	488	482
FVTPL					
Payable for acquisition of subsidiary	12.2	7,427	3,018	7,427	3,018
Total Liabilities		129,329	87,067	129,329	87,067

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

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

The following methods and assumptions were used to estimate the fair values:

1. The fair value of the quoted mutual funds are based on price quotations at reporting date. The fair value of other financial liabilities and other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates.
2. The fair values of the unquoted equity have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility, the probabilities of the various estimates whose range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
3. The Group enters into derivative financial instruments with Banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality of banks, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc.

As at March 31, 2021, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative bank default risk. The changes in bank credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.



Fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2022 and March 31, 2021.

Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities are as under:

₹ in Lakhs

	Fair value		Fair value hierarchy	Valuation technique and Key inputs
	As at March 31, 2022	As at March 31, 2021		
Investment in Equity instruments - Principal Share Group (Quoted)	8	6	Level 1	Fair value is determined based on the share price quoted in exchange.
Investment in Mutual funds (Quoted)	14,392	6,542	Level 1	Fair value is determined based on the Net asset value published by respective funds.
Investments in PSU Bonds	325	-	Level 1	The fair value will be determined based on bond price quoted in exchange.
Foreign currency forward contracts	3,093	2,701	Level 2	The fair value of forward foreign contracts are determined using forward exchange rates at the reporting date.
Investment in Equity instruments - Retail 10X, Inc.	644	610	Level 3	Investment in associate is a financial asset.
Investment in Equity instruments - Semicab Inc.	265	256	Level 3	Investment in associate is a financial asset.
Investment in Equity instruments - Treeni Sustainability Solutions Inc.	227	183	Level 3	Investment in associate is a financial asset.
Other financial liabilities	7,427	3,018	Level 3	Payable for acquisition of subsidiary is a financial liability.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

i) Reconciliation of fair value measurement of investment in Unquoted equity instrument classified as FVTOCI (Level 3):

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Opening balance	1,048	873
Remeasurement recognised in OCI	88	(8)
Purchases	-	183
Closing balance	1,136	1,048

ii) Reconciliation of fair value measurement of payables for acquisition of subsidiary classified as FVTPL (Level 3):

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Opening balance	3,018	3,421
Additions during the year	7,045	396
Remeasurement recognised in Statement of Profit and Loss	(2,636)	99
Payout / reversals during the year	-	(898)
Closing balance	7,427	3,018

Derivative financial instruments

The Group is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and forecasted cash flows denominated in foreign currency. The Group follows established risk management policies, including the use of derivatives to hedge foreign currency assets/ liabilities and foreign currency forecasted cash flows. The counter party in these derivative instruments is a bank and the Group considers the risks of non-performance by the counterparty as non-material.

For movement in cash flow hedge reserve gain or loss - Refer note 11

The following table presents the aggregate contracted principal amounts of the Group's derivative contracts outstanding:

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Designated derivative instruments (Sell):		
In USD	1,400	1,099
in GBP	198	105
in EUR	35	80
in AUD	35	-

The foreign exchange forward contracts mature anywhere between 0-1.5 years. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Designated derivative instruments (Sell):		
Less than 3 months		
In USD	326	360
in GBP	28	26
in EUR	8	59
More than 3 months		
In USD	1,074	738
in GBP	170	78
in EUR	27	21
in AUD	35	21

Average rate of coverage:

	As at March 31, 2022		As at March 31, 2021	
	₹ in Lakhs	Weighted Average Rate (₹)	₹ in Lakhs	Weighted Average Rate (₹)
USD	1,400	79.63	1,099	79.40
GBP	198	103.40	105	101.35
EUR	35	90.06	80	88.00
AUD	35	57.76	-	-

27. Financial risk management

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

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

Credit risk

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



Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

The following table gives details in respect of revenues generated from top customer and top 5 customers (excluding Inter-company):

(₹ in Lakhs)

	For the year ended	
	March 31, 2022	March 31, 2021
Revenue from top customer	82,206	55,976
Revenue from top 5 customers	224,472	167,307

Two customer accounted for more than 10% of the revenue for the year ended March 31, 2022 and one of the customers accounted for more than 10% of the receivables for the year ended March 31, 2022. One customer accounted for more than 10% of the revenue for the year ended March 31, 2021 and two of the customers accounted for more than 10% of the receivables for the year ended March 31, 2021.

Investments

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors.

Liquidity risk

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

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

The working capital position of the Group is given below:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	73,369	64,066
Bank balances other than cash & cash equivalents	3,594	3,643
Investments in mutual funds (quoted)	14,392	6,542
Trade receivables	89,256	61,579
Other financial assets	10,370	7,261
Other current assets	2,963	3,828

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022 and March 31, 2021 :

(₹ in Lakhs)

	As at March 31, 2022		
	Less than 1 year	1-2 years	2 years & above
Borrowings	3,800	-	-
Trade payables	104,721	352	400
Other financial liabilities	488	-	7,427
Lease liabilities	2,968	2,417	6,756

(₹ in Lakhs)

	As at March 31, 2021		
	Less than 1 year	1-2 years	2 years & above
Borrowings	8,973	-	-
Trade payables	64,738	60	299
Other financial liabilities	482	2,649	369
Lease liabilities	2,339	2,047	5,142

Foreign Currency risk

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

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

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

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

- an approximately ₹ 284 lakhs increase and decrease in the Group's net profit as at March 31, 2022;
- an approximately ₹ 1,033 lakhs increase and decrease in the Group's net profit as at March 31, 2021.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2022 and March 31, 2021

Exposure currency:

	(₹ in Lakhs)			
	USD	GBP	EUR	Other Currencies*
As at March 31, 2022				
Assets				
Trade receivables	32,211	2,263	1,970	4,452
Cash and Cash equivalents	5,415	1,496	1,219	893
Other assets	4,289	1,871	3	438
Liabilities				
Trade Payable	(9,875)	(1,092)	(108)	(2,601)
Other non-current liabilities	(10,371)	(382)	-	-
Net assets/liabilities	21,669	4,156	3,084	3,182
As at March 31, 2021				
Assets				
Trade receivables	14,825	1,765	1,173	2,877
Cash and Cash equivalents	7,913	665	62	808
Other assets	1,393	1,399	60	1,243
Liabilities				
Trade Payable	(6,979)	(659)	(121)	(43)
Other non-current liabilities	(8,228)	(108)	-	(2,386)
Net assets/liabilities	8,924	3,062	1,174	2,499

* Others include currencies such as Canadian Dollar, Singapore Dollar, Australian Dollar, Swiss Franc, Danish Krone, United Arab Emirates Dirham, Saudi Riyal, etc.

For the year ended March 31, 2022, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.06 %/ (0.06)%. For the year ended March 31, 2021, the impact on operating margins would be 0.04%/ (0.04)%.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates and investments. The Group's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.





28. Capital management

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

The capital structure of the company consists of the following:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Total equity attributable to the equity share holders of the Group	109,920	90,547
As percentage of total capital	97%	91%
Current borrowings*	3,800	8,973
Total Borrowings	3,800	8,973
As a percentage of total capital	3%	9%
Total capital (borrowings and equity)	113,720	99,520

* Current borrowings does not include lease liabilities

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

29. Employee benefit plans

i) Defined contribution plans

a) Provident fund

The Group makes contributions towards Provident Fund under a defined contribution plan for qualifying employees till April 2021. The Provident Fund is administered by the Trustees of Sonata Software Limited Provident Fund and by the Regional Provident Fund Commissioner. Under this scheme, the Group is required to contribute a specified percentage of payroll cost to fund the benefits. The Rules of the Company's Provident Fund administered by the Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company.

During the year the Sonata Provident Fund Trust has surrendered the exemption granted and transferred the provident fund accumulation of employees to the Employees' Provident Fund Organisation (EPFO), Mumbai. Accordingly from the month of May 2021 onwards the Group has been remitting their monthly contribution of provident fund to EPFO.

Sonata Software Solutions Limited employees receive benefits from government administered provident fund. The employer and employees each make periodic contributions to the government administered provident fund. A portion of the contribution is made to the government administered provident fund while the remainder of the contribution is made to the pension fund.

Provident fund contributions amounting to ₹ 1,600 lakhs (for the year ended March 31, 2021 ₹ 1,583 lakhs) has been charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 20 Employee benefit expense).

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

₹ in Lakhs

	Year ended March 31, 2022	Year ended March 31, 2021
Employee's State Insurance (as part of Staff welfare expenses in Note 20 Employee benefits expense)	2	11
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 20 Employee benefits expense)	1,509	1,048
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in Note 20 Employee benefits expense)	66	47
National Insurance Contribution (as part of Contribution to Provident Fund and other Funds in Note 20 Employee benefits expense)	289	417

ii) Defined benefit plans - Gratuity

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

	March 31, 2022	March 31, 2021
Discount rate(s)	6.73%	6.26%
Expected rate(s) of salary increase	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality 2012-14	Indian Assured Lives Mortality 2006-08

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

	Year ended March 31, 2022	Year ended March 31, 2021
₹ in Lakhs		
Service Cost:		
Current Service Cost	640	659
Net Interest Expense	56	54
Components of defined benefit costs recognised in profit or loss	696	713
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(137)	(677)
Actuarial (gains) / losses arising from changes in financial assumptions	(192)	182
Actuarial (gains) / losses arising from changes in demographic assumptions	1,240	-
Actuarial (gains) / losses arising from experience adjustments	200	324
Components of defined benefit costs recognised in other comprehensive income	1,111	(171)

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss.

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

	March 31, 2022	March 31, 2021
(₹ in Lakhs)		
The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:		
Present value of funded defined benefit obligation	(7,158)	(5,701)
Fair value of plan assets	6,555	4,815
Net (liability) / Assets arising from defined benefit obligation	(603)	(886)
Movements in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	5,701	4,452
Defined benefit obligation of acquired company	81	-
Current service cost	640	659
Interest cost	357	303
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(192)	182
Actuarial gains and losses arising from experience adjustments	1,442	324
Actuarial (gains) / losses arising from Demographic adjustments	(1)	241
Benefits paid	(870)	(460)
Closing defined benefit obligation	7,158	5,701
Movements in the fair value of the plan assets are as follows:		
Opening fair value of plan assets	4,816	3,667
Interest income	302	251
Return on plan assets (excluding amounts included in net interest expense)	137	681
Contributions from the employer	2,160	675
Benefits paid	(860)	(459)
Closing fair value of plan assets	6,555	4,815



The major categories of plan assets as a percentage of total plan

	March 31, 2022	March 31, 2021
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	28.05%	19.03%
Defensive Fund	31.25%	34.30%
Balanced Fund	40.65%	46.59%
Stable Fund	0.05%	0.08%

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

(₹ in Lakhs)

	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	425	385	376	338
Future salary growth (1% movement)	431	390	379	343

The Group expects to contribute ₹ 1,334 lakhs to its defined benefit plans during the next fiscal year.

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimise returns within acceptable risk parameters, the plan assets are well diversified.

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

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

Experience adjustments:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Present value of defined benefit obligation	7,158	5,701	4,449	3,446	2,941
Fair value of plan assets	6,555	4,815	3,670	3,424	2,843
Surplus / (deficit)	(603)	(886)	(779)	(22)	(98)
Experience adjustments on plan liabilities - (gain)/losses	1,442	324	46	75	178
Experience adjustments on plan assets - (losses)/gain	137	681	(310)	28	(17)

Maturity profile of defined benefit obligation:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Within 1 year	781	625
1-2 years	1,016	596
2-3 years	719	812
3-4 years	794	529
4-5 years	677	578
5 and Above	5,461	5,789

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

30. Share-based payments

a) Employee share option plan of the Group

(i) Details of the employee share option plan of the Group

The Company has a stock option plan for employees of the Company and its subsidiaries, authorized by the nomination and remuneration committee. In accordance with the terms of the plan, as approved by shareholders at its annual general meeting dated 19th August 2014. Eligible employees are granted to get stock option with graded vesting period of four years. The quantum of stock option is decided by the nomination and remuneration committee. The shares are transferred to employees from the Sonata Software Ltd Employee Welfare Trust based on the approval.

Each vested stock option shall convert into one equity share of the Company upon exercise. The exercise price of the stock option shall be the closing market price of the share on National Stock Exchange of India Ltd on the trading day immediately preceding the date of the grant. The stock options carry neither rights to dividends nor voting rights unless the transfer of shares from the Sonata Software Ltd Employee Welfare Trust to the employee is duly registered by the company. Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current and prior years:

Number of Shares	Grant date	Expiry date	Exercise price (₹)	Fair Value at grant date
60,000	May 29, 2017	May 29, 2022	149.65	43.49 - 55.86
75,000	November 13, 2017	November 14, 2022	191.95	54.78 - 79.62
120,000	May 31, 2019	May 30, 2024	354.50	115.54-137.75
60,000	May 29, 2020	May 28, 2025	206.50	54.22 - 62.63

(ii) Fair value of share options outstanding at the year end

Options are priced using Black - Scholes pricing model.

Inputs into the model

Grant date	May 29, 2017	November 13, 2017	May 31, 2019	May 29, 2020
Grant date share price (₹)	142.17	188.51	356.70	202.90
Exercise price (₹)	149.65	191.95	354.50	206.50
Expected volatility (%)	36.47 - 40.61	31.78 - 40.86	53-26	40
Option life (in years)	5	5	5	5.00
Dividend yield (%)	-	-	2.50	2.50
Risk-free interest rate (%)	6.66 - 6.79	6.52 - 6.81	6.71 - 7.03	4.76-5.26
Vesting Period (Years)	4	4	4	3

(iii) Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2021-2022		2020-2021	
	Number of Options	Weighted average exercise price (₹)	Number of Options	Weighted average exercise price (₹)
Balance at beginning of year	202,000	269.98	320,000	228.87
Granted during the year	-	-	60,000	206.50
Exercised during the year	12,000	354.50	-	-
Expired during the year	-	-	178,000	68.33
Balance at end of year	190,000	264.64	202,000	92.17
Exercisable at the end of the year	99,000	241.83	65,500	77.82

(iv) Stock options exercised during the year

The following share options were exercised during the year:

Granted on	Number Exercised	Exercised Date	Share price at exercise Date
May 31st, 2019	12,000	Feb 2, 2022	854.60

No share options were exercised during the year 2020-21.



(v) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 264.64 (as at March 31, 2021 ₹ 269.98)

During the year, the amount recognised as expense for employee Stock Options is ₹ 34 Lakhs (for the year ended March 31, 2021 is ₹ 53 Lakhs).

(b) Other Stock Based Compensation Arrangements

Stock Appreciation Rights (SAR) Plan provides the certain employee with the right to receive cash that is equal to the increase in the value of the company's shares from the date the right was granted and the right was exercised. They are not entitled to any shares or dividend. Plan 1 and 2 of 2018 has been approved by the Board vide Board Meeting dated May 29, 2017 subsequently amended dated August 13th, 2018. Plan of 2019 has been approved by the Board vide Board meeting dated August 13, 2018 and August 4, 2021 respectively.

The Group has cancelled the existing Stock Appreciation Rights Plan (SAR) with an exception to few employees during the year and introduced the Bonus plan in lieu of SAR effective from June 30, 2021.

The Group has not granted any stock appreciation rights plan to employees during the year.

	For the year ended March 31, 2022								
	As per plan 1 (2018)	As per plan (2019)	As per plan2 (2018)	As per plan 3 (2018)	As per plan 2 (2019)	As per plan 4 (2018)	As per plan 1 (2020)	As per plan 2 (2020)	As per plan 3(2020)
Outstanding units as at the beginning of the year	220,000	46,500	263,000	81,000	74,000	360,000	120,000	165,000	84,000
Number of units granted under letter of intent during the year	-	-	-	-	-	-	-	-	-
Exercised units	70,000	6,250	26,000	24,000	6,500	130,000	-	-	-
Lapsed units	-	-	6,000	-	-	-	120,000	-	2,500
Forfeited units	-	-	-	-	-	-	-	-	-
Cancelled units	150,000	40,250	231,000	57,000	67,500	170,000	-	165,000	81,500
Outstanding units as at the end of the year*	-	-	-	-	-	60,000	-	-	-
Contractual life (in years)	3	1	3	3	1	3	3	3	3
Date of grant	May 29, 2017	September 30, 2018	December 18, 2018	May 31, 2019	October 1, 2019	October 30, 2019	May 1, 2020	May 30, 2020	January 1, 2021
Grant price per unit (₹)	149.65	200.00	315.30	354.50	224.00	317.40	155.00	206.05	251.00
Number of units exercisable at the end of the year*	-	-	-	-	-	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-	-	-	-	-	-
Weighted average exercise price (₹)	347.71	310.25	171.05	163.10	228.97	389.44	-	-	-
Weighted average exercise price for options exercisable at the end of the year (₹)*	-	-	-	-	-	338.68	-	-	-

* The Group had cancelled the existing Stock Appreciation Rights Plan (SAR) during the year (except for certain eligible employees of the subsidiaries) and introduced the Bonus plan in lieu of SAR.

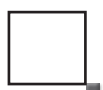
	For the year ended March 31, 2021								
	As per plan 1 (2018)	As per plan (2019)	As per plan2 (2018)	As per plan 3 (2018)	As per plan 2 (2019)	As per plan 4 (2018)	As per plan 1 (2020)	As per plan 2 (2020)	As per plan 3 (2020)
Outstanding units as at the beginning of the year	285,000	81,500	435,000	180,000	118,500	360,000	-	-	-
Number of units granted under letter of intent during the year	-	-	-	-	-	-	160,000	165,000	84,000
Exercised units	65,000	35,000	23,000	-	-	-	40,000	-	-
Lapsed units	-	-	149,000	99,000	44,500	-	-	-	-
Forfeited units	-	-	-	-	-	-	-	-	-
Cancelled units	-	-	-	-	-	-	-	-	-
Outstanding units as at the end of the year	220,000	46,500	263,000	81,000	74,000	360,000	120,000	165,000	84,000
Contractual life (in years)	3	1	3	3	1	3	3	3	1
Date of grant	May 29, 2017	September 30, 2018	December 18, 2018	May 31, 2019	October 1, 2019	October 30, 2019	May 1, 2020	May 29, 2020	January 1, 2021
Grant price per unit (₹)	149.65	200.00	315.30	354.50	224.00	317.40	155.00	206.05	251.00
Number of units exercisable at the end of the year	220,000	46,500	171,000	27,000	74,000	120,000	-	-	-
Weighted average remaining contractual life (in years)	1.21	1.50	2.77	3.17	2.50	3.58	4.09	4.16	3.76
Weighted average exercise price (₹)	169.21	200.00	335.66	354.50	224.00	317.40	-	-	-
Weighted average exercise price for options exercisable at the end of the year (₹)	169.21	200.00	356.60	398.74	224.00	357.01	195.26	231.77	251.00

The weighted average fair value of each unit for the above mentioned stock appreciation rights plan has been calculated using the Black - Scholes pricing model with the following assumptions:

	For the year ended March 31, 2022								
	As per plan 1 (2018)	As per plan (2019)	As per plan2 (2018)	As per plan 3 (2018)	As per plan 2 (2019)	As per plan 4 (2018)	As per plan 1 (2020)	As per plan 2 (2020)	As per plan 3 (2020)
Grant date	May 29, 2017	September 30, 2018	December 18, 2018	May 31, 2019	October 1, 2019	October 30, 2019	May 1, 2020	May 29, 2020	January 1, 2021
Exercise price (₹)	149.65-187.72	315.30-395.52	200.00	354.50-444.68	317.40-398.15	224.00	155.00-217.76	206.05-258.47	251.00
Dividend yield (%)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Expected life (in years)	3	1	3	3	1	3	3	3	1
Risk free interest rate (%)	3.86%	3.86%	3.86%-4.25%	3.86%-5.18%	3.86%	3.86%-5.18%	3.86%-5.58%	4.25%-5.58%	4.25%
Volatility (%)	40%	40%	40%	40%	40%	40%	40%	40%	40%

	For the year ended March 31, 2021								
	As per plan 1 (2018)	As per plan (2019)	As per plan2 (2018)	As per plan 3 (2018)	As per plan 2 (2019)	As per plan 4 (2018)	As per plan 1 (2020)	As per plan 2 (2020)	As per plan 3 (2020)
Grant date	May 29, 2017	September 30, 2018	December 18, 2018	May 31, 2019	October 1, 2019	October 30, 2019	May 1, 2020	May 29, 2020	January 1, 2021
Exercise price (₹)	149.65-187.72	200.00	315.30-395.52	354.50-444.68	224.00	317.4-398.15	155.00-217.76	206.05-258.47	251.00
Dividend yield (%)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Expected life (in years)	3	1	3	3	1	3	3	3	1
Risk free interest rate (%)	3.86%	3.86%	3.86%-4.25%	3.86%-5.18%	3.86%	3.86%-5.18%	3.86%-5.58%	4.25%-5.58%	4.25%
Volatility (%)	40%	40%	40%	40%	40%	40%	40%	40%	40%

During the year, the expense recognised for Stock appreciation rights is ₹ 381 lakhs and the related liability accounted is ₹ 212 lakhs.



**31. Consolidation of Employee Welfare Trust**

Ind AS 110 – Consolidated financial statements defines control and establishes control as the main basis for consolidating the entities. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, in view of which the company has consolidated Sonata employee welfare trust accounts.

32. Related party disclosure**i) Details of related parties :**

Description of relationship	Names of Related Parties
(a) Post-employment benefit plan (Refer Note 29)	Sonata Software Limited Gratuity Fund Sonata Software Officers' Superannuation Fund Sonata Software Provident Fund Trust (Untill April 2021)
(b) Entity with common Key Management Personnel (KMPE)	Palred Technology Services Private Limited
(c) Key Management Personnel (KMP)	Mr. P Srikar Reddy, Managing Director Mr. Pradip P Shah, Chairman & Independent Director Ms. Radhika Rajan, Independent Director Mr. Viren Raheja, Non Executive Director Mr. S B Ghia, Non Executive Director Mr. Sanjay K Asher Mr. Jagannathan CN, Chief Financial Officer Ms. Mangal Krishnarao Kulkarni, Company Secretary

ii) Transactions with related parties :

(₹ in Lakhs)

	KMPE	
	March 31, 2022	March 31, 2021
Commission on Sales		
Palred Technology Services Private Limited	-	6

(₹ in Lakhs)

	KMP	
	March 31, 2022	March 31, 2021
Compensation of key management personnel of the Company		
Short-term employee benefits*	1,120	453
Share-based payment transactions	12	232
Others	464	347
Total compensation paid to key management personnel	1,596	1,032
Balances outstanding at the end of the year		
Payable to key management personnel of the Company		
Short-term employee benefits*	406	205
Share-based payment transactions	64	236
Others	450	336

* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

33 Segment Reporting

The MD of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on geographical territory; Accordingly, the reportable segments are "India" and "Other than India".

The Group's operation comprises of software development, technical services and product marketing. Primary segmental reporting is based on geographical areas based on location of customer, viz., Domestic (India) and International (Rest of the world). Secondary segment comprises business segment viz., products & services.

In primary segment, revenue and all expenses, which relate to a particular geographical segment based on location of customer, are reported. Secondary segment is reported based on the Group's business viz., products and services. Revenue is identified based on the business operations.

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

Primary disclosure

Geographical Segment based on location of customers

(₹ in Lakhs)

	India		Other than India		Unallocable		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Revenue								
Segment revenue	352,234	257,614	203,838	167,331	-	-	556,072	424,945
Inter segment revenue							(735)	(2,137)
Revenue from operations							555,337	422,808
Segment result								
Profit before tax and interest	14,113	8,303	28,981	25,986	8,747	2,464	51,841	36,753
Finance costs							1,805	1,539
Profit before tax and exceptional item							50,036	35,214
Profit before tax							50,036	35,214
Tax expense							(12,393)	(10,818)
Profit after tax							37,643	24,396
Segment assets	106,325	75,727	99,151	84,745	50,043	34,220	255,519	194,692
Segment liabilities	91,814	56,652	44,158	34,091	9,627	13,402	145,599	104,145

Secondary disclosure

Business Segment

(₹ in Lakhs)

	Products		Services		Unallocable		Consolidated	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Revenue	421,918	314,232	133,419	108,576	-	-	555,337	422,808
Assets	106,325	75,727	99,151	84,745	50,043	34,220	255,519	194,692
Capital expenditure	29	-	842	76	-	-	871	76





34. Statement of Net assets and Profit or loss attributable to owners and non-controlling interest

a) As at and for the year ended March 31, 2022

Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share of profit / (loss)		Share in other comprehensive income		Share in Total Comprehensive income	
	As % of consolidated net assets	Amount (₹ in lakhs)	As % of consolidated profit / (loss)	Amount (₹ in lakhs)	As % of consolidated other comprehensive income	Amount (₹ in lakhs)	As % of consolidated profit / (loss)	Amount (₹ in lakhs)
Parent :								
Sonata Software Limited	42.84%	47,090	33.57%	12,638	-139.50%	(558)	31.75%	12,080
Subsidiaries :								
Indian								
Sonata Information Technology Limited	26.08%	28,672	27.21%	10,241	154.25%	617	28.54%	10,858
Sonata Software Solutions Limited	0.82%	905	10.52%	3,959	-2.00%	(8)	10.39%	3,951
Encore IT Services Solutions Private Limited**	0.58%	638	0.20%	76	-4.50%	(18)	0.15%	58
Foreign								
Sonata Software North America Inc	0.07%	75	21.16%	7,965	205.25%	821	23.09%	8,786
Rezopia Inc	-0.01%	(11)	-	-	-	-	-	-
Halosys Technologies Inc.	-0.02%	(19)	-	-	-	-	-	-
Interactive Business Information Systems Inc.	6.06%	6,657	0.80%	300	-239.75%	(959)	-1.73%	(659)
Sonata Software FZ LLC (Dubai)	0.46%	504	1.05%	395	-9.25%	(37)	0.94%	358
Sonata Software Qatar	-0.25%	(280)	-0.09%	(35)	-7.25%	(29)	-0.17%	(64)
Sonata Europe Limited	3.97%	4,362	6.34%	2,387	-37.50%	(150)	5.88%	2,237
Gapbuster Limited	3.74%	4,107	-1.48%	(558)	37.25%	149	-1.08%	(409)
Sonata Software GmbH	0.05%	60	-0.31%	(115)	-	-	-0.30%	(115)
Sonata Australia Pty Ltd*	3.61%	3,965	3.05%	1,147	34.50%	138	3.38%	1,285
Sopris Systems LLC	2.04%	2,240	-5.04%	(1,898)	23.25%	93	-4.74%	(1,805)
Encore Software Services, Inc.***	9.95%	10,941	2.63%	989	85.25%	341	3.50%	1,331
Software Intercontinental Limited****	0.02%	17	0.41%	155	-	-	0.40%	154
Sonata Software Canada Limited*****	-	(3)	-0.01%	(3)	-	-	-0.01%	(3)
Total	100%	109,920	100%	37,643	100%	400	100%	38,043

* formerly known as "Scalable Data Systems Pty Ltd".

** Sonata Software Limited (SSL) has acquired 100% stake in Encore IT Services Solutions Private Limited, a Chennai based Company on August 1, 2021.

*** Sonata Software North America Inc., (SSNA) has acquired 100% stake in Encore Software Services, Inc. a California based company on August 1, 2021.

**** Software Intercontinental Limited has been incorporated in Ireland with effect from 8th September, 2021.

*****Sonata Software Canada Limited has been incorporated in Canada with effect from 3rd December, 2021

b) As at and for the year ended March 31, 2021

Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share of profit / (loss)		Share in other comprehensive income		Share in Total Comprehensive income	
	As % of consolidated net assets	Amount (₹ in lakhs)	As % of consolidated profit / (loss)	Amount (₹ in lakhs)	As % of consolidated other comprehensive income	Amount (₹ in lakhs)	As % of consolidated profit / (loss)	Amount (₹ in lakhs)"
Parent :								
Sonata Software Limited	40.25%	36,443	61.03%	14,889	55.39%	1,877	60.34%	16,766
Subsidiaries :								
Indian								
Sonata Information Technology Limited	29.37%	26,597	24.85%	6,062	24.55%	832	24.81%	6,894
Sonata Software Solutions Limited	0.08%	70	4.11%	1,002	-	-	3.61%	1,002
Foreign								
Sonata Software North America Inc	2.99%	2,706	-8.06%	(1,966)	5.38%	182	-6.42%	(1,784)
Interactive Business Information Systems Inc.	8.79%	7,960	6.39%	1,558	-0.77%	(26)	5.51%	1,532
Sonata Software FZ LLC (Dubai)	0.79%	712	-0.37%	(90)	0.65%	22	-0.24%	(68)
Sonata Software Qatar	-0.27%	(241)	-0.11%	(26)	0.36%	12	-0.05%	(14)
Sonata Europe Limited	3.82%	3,463	12.03%	2,936	70.20%	2,379	19.13%	5,315
Gapbuster Limited	4.82%	4,363	-0.72%	(176)	-59.51%	(2,017)	-7.89%	(2,193)
Sonata Software GmbH	0.20%	180	-0.03%	(8)	0.12%	4	-0.01%	(4)
Scalable Data Systems	3.27%	2,965	1.72%	420	2.80%	95	1.85%	515
Sopris Systems LLC	5.89%	5,329	-0.84%	(205)	0.83%	28	-0.64%	(177)
Total	100%	90,546	100%	24,396	100%	3,389	100%	27,785

35. Leases

The Group 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 Group 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.

The aggregate amortization expense of ₹ 2,354 lakhs (March 31, 2021 is ₹ 1941 lakhs) on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.

Following are the changes in the carrying value of right of use assets :

(₹ in Lakhs)

	Category of ROU Asset		
	Leasehold Land	Leasehold Buildings	Total
Balance as at April 1, 2021	216	8,275	8,491
Additions	-	4,570	4,570
Deletion	-	(165)	(165)
Amortization	(13)	(2,341)	(2,354)
Translation difference	-	18	18
Balance as at March 31, 2022	203	10,357	10,560
Balance as at April 1, 2020	229	9,500	9,729
Additions	-	663	663
Deletion	-	-	-
Amortization	(13)	(1,928)	(1,941)
Translation difference	-	40	40
Balance as at March 31, 2021	216	8,275	8,491





The following is the movement in lease liabilities during the year:

(in ₹ lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning of the year	9,528	10,118
Additions	4,570	663
Finance cost accrued during the year	1,252	1,014
Deletions	(165)	-
Payment of lease liabilities	(3,063)	(2,307)
Translation Difference	19	40
Balance at the end of the year	12,141	9,528

Rental expense recorded for short-term leases was ₹ 637 (March 31, 2021 ₹ 913 lakhs) for the year ended March 31, 2022.

The following is the break-up of lease liabilities based on their maturities:

(in ₹ lakhs)

	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	2,968	2,339
Non-current lease liabilities	9,173	7,189
Total	12,141	9,528

Contractual maturities of lease liabilities.

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

(in ₹ lakhs)

	As at March 31, 2022	As at March 31, 2021
Not later than one year	3,116	2,374
Later than one year and not later than 5 years	8,408	8,070
Later than 5 years	6,214	2,451
Total	17,738	12,895

36. Acquisition

Encore

Sonata Software North America INC, a wholly-owned subsidiary of Sonata Software Limited has acquired 100% stake in Encore Service Inc, a US registered Company on August 1, 2021 for an investment of USD 14.9 million (₹ 11,115 lakhs) (net of working capital) including USD 9.1 million (₹ 6,777 lakhs) which is deferred contingent consideration payable on the completion of 3 years.

Further, Sonata Software Limited has acquired 100% stake in Encore India Private Limited. On Aug 1, 2021 for an investment of USD 1.2 million (INR 893 lakhs)

Encore Software Services, Inc. provides customized software development and testing, and related IT consulting services. It offers services in the areas of application management, quality assurance, analytics, information security, cloud enablement, cloud migration, and mobility. The company was founded in 1998 and is based in Santa Clara, California with a delivery centre in India.

The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair value as follows:

(₹ in lakhs)

	Purchase Price Allocated
Net Asset	2,155
Intangible Assets:	
Customer Contracts	1,528
Customer relationships	3,438
Total Intangible Assets	4,966
Goodwill	6,179
Deferred tax liabilities on intangible assets	(1,292)
Total Purchase Price	12,008
Consideration to Encore Service, Inc. USA	11,115
Consideration to Encore India Private Limited	893
Total	12,008

Net Assets comprises of:

(₹ in lakhs)

Property, Plant & Equipment	97
Cash and cash equivalents	3,801
Other Assets*	1,089
Liabilities	2,832
Net Asset	2,155

*Include Computer software of ₹ 2 lakhs.

The goodwill comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

The goodwill is not tax deductible.

The fair value of each major class of consideration as at the acquisition date is as follows:-

Nature of Consideration

(₹ in lakhs)

	Amount
Encore Service, Inc. USA:	
Cash paid	4,338
Deferred	6,777
Total purchase price	11,115
Cash paid to Encore India Private Limited	893
Total purchase price	12,008

GAPbuster

On April 20, 2020 Sonata Europe Limited, a wholly-owned subsidiary of Sonata Software Limited has acquired 100% stake in GAPbuster Ltd, a UK registered Company for an investment of USD 4.8 million (approximately ₹ 3,658 lakhs) (net of working capital) including USD 0.5 million (approximately ₹ 382 lakhs) which is deferred consideration payable on the completion of one year.

GAPbuster Limited (GBW), the Melbourne headquartered company that has been amongst pioneers in the CX domain serving renowned brands globally for nearly thirty years. GbW is company with very strong IP led solutions in the exciting and growing customer experience space. This will offer a one-stop-shop with the CX solution offering to go with the IP's . The IP will add a significant platform led customer experience offering to Sonata's current solutions, creating substantial value for its customers in providing a more comprehensive suite of solutions that enable digital transformation.





The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

The purchase price has been allocated based on management's estimates and independent appraisal of fair value as follows:-

(₹ in lakhs)

	Purchase price allocated
Net assets*	(381)
Intangible assets:	
Customer Relationships	870
Noncompete	290
Brand	387
Software	1,596
Deferred tax liabilities on intangible assets	(1,009)
Total	2,134
Goodwill	1,904
Total purchase price	3,658

*Include cash and cash equivalents of ₹ 145 lakhs

The goodwill comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

The goodwill is not tax deductible.

The fair value of each major class of consideration as at the acquisition date is as follows:-

Nature of Consideration

(₹ in lakhs)

	Amount
Cash paid	3,276
Deferred	382
Total purchase price	3,658

37. Corporate Social Responsibility

As per Section 135 of Companies Act, 2013 a company meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Group as per the Companies Act, 2013. The CSR initiatives are focused towards those programmes directly or indirectly, benefit the community and society at large. The Company's CSR activities primarily focuses on programs that promote education, gender equality empowering women and traditional Arts & Handicrafts.

(i) Gross amount required to be spent by the Group during the year is ₹ 578 lakhs (Previous year is ₹ 519 lakhs)

(ii) Amount spent during the year is ₹ 588 lakhs (Previous year is ₹ 524 lakhs)

(₹ in lakhs)

	In Cash	Yet to be paid in Cash	Total
Construction / acquisition of any asset	-	-	-
On purposes other than above	588	-	588
Total	588	-	588

(iii) Amount unspent is Nil (Previous year is Nil)

38. Earnings Per Share

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

	For the year ended March 31, 2022		For the year ended March 31, 2021	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period	105,159,306	105,159,306	105,159,306	105,159,306
Weighted average number of Potential equity shares exercised by Sonata Employee Welfare Trust	(1,239,125)	(1,239,125)	(1,251,125)	(1,251,125)
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	55,092	-	35,013
Weighted average number of equity shares for calculation of earning per share	103,920,181	103,975,273	103,908,181	103,943,194

39. Distributions made and proposed :

The Board of Directors at their meeting held on October 19, 2021 had declared an interim dividend of 800% (₹ 8 per equity share of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on April 29, 2022 have recommended a final dividend of 1,300% (₹ 13 per equity share of par value ₹ 1 each), which is subject to approval of shareholders.

The Board of Directors at their meeting held on November 06, 2020 had declared an interim dividend of 400% (₹ 4 per equity share of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on May 12, 2021 have recommended a final dividend of 1,000% (₹ 10 per equity share of par value ₹ 1 each), was approved by shareholders on 16th August 2021.

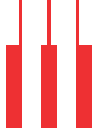
- 40.** During the year the group has received ₹ Nil (Previous year ₹ 1,645 Lakhs) from governments of various countries on compliance of certain conditions consequent to the outbreak of COVID-19 pandemic and accordingly, accounted as a credit to employee benefits expense (refer note 20).
- 41.** There is no amount due or outstanding as at Balance Sheet date to be credited to the Investor Education and Protection Fund.
- 42.** No funds have been advanced or loaned or invested from borrowed funds by the Company or any of its subsidiaries to or in any other persons or entities, including foreign entities (Intermediaries), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company or any of such subsidiaries from any persons or entities, including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

For and on behalf of the Board of Directors**Pradip P Shah**Chairman
Mumbai**P Srikar Reddy**Managing Director
Bengaluru**Jagannathan C N**Chief Financial Officer
Bengaluru**R Sathyanarayana**VP - Finance & Accounts
Bengaluru**Mangal Krishnarao Kulkarni**Company Secretary
Bengaluru

Date : April 29, 2022





BOARD'S REPORT

To the Members,

The Directors have pleasure in presenting before you the twenty second Annual Report of your Company together with the Audited Financial Statements for the Financial Year ended 31st March, 2022.

FINANCIAL RESULTS

(₹ in lakhs)

Description	Financial Year ended 31.03.2022	Financial Year ended 31.03.2021
Total Income	408,344	308,110
Total Expenditure	394,098	298,555
EBITDA	14,246	9,555
Depreciation & Amortization Expense	197	205
Finance Cost	369	412
Profit before Tax and Exceptional Items	13,680	8,938
Provision for Tax (Net)	3,499	2,919
Profit after Tax	10,181	6,019
Earnings in ₹ per share	301.21	178.30

BUSINESS PERFORMANCE

Your Company has posted encouraging results for the Financial Year ended on 31st March, 2022.

Your Company has reported a revenue of ₹ 408,344 Lakhs in the Financial Year under review with a growth of 49% in EBITDA. Turnover has gone up by 33%, efficiency in working capital management helped us in achieving this growth. However, the focus in this business has always been to manage Return on Capital Employed, which was 36% for the financial year as compared to 26% for the previous financial year.

Your Company's business has two broad lines:

A. PRODUCTS

Your Company represents IT Majors like Microsoft, AWS, Google, IBM, HP for providing underlying Cloud Infrastructure in the Customer's Digital Transformation Journey. We also focus on Multi Cloud & Hybrid Infrastructure Managed services to most of our customers. Our SI practice is getting traction in the market and we have won large contracts from our customers. In the current year, we continue to focus on the Multi Cloud Consulting & Management, System Integration, and Cloud Security offerings to Indian customers.

B. SERVICES

During the year under review, your Company has consolidated its services business with the existing customers and has also acquired new customers. As a key partner for Microsoft Dynamics, we have introduced the sale & services around newly acquired CTRM IP in India market. The GDC / GIC business has grown and the Company has acquired new businesses. New leads have started coming through the Platformation™ sales motion and it has improved the company image with customers as well as with our partners. Our Services on Cloud, Data and AI Services have been introduced to our existing customers and we are seeing a lot of traction with customers on the same.

OUTLOOK IN BUSINESS

Your Company continued to focus on Cloud Infrastructure and Management business and has got into partnership with AWS

and Google, some of the leading Cloud platform provider. These business relationships have brought in new customer and revenue. Your Company is working with these partners to expand the size and scope of business in their respective technology areas.

DIVIDEND / TRANSFER TO RESERVES

Considering the better liquidity position of the Company, your Directors are pleased to recommend payment of a final dividend of ₹ 169.12/- per equity share (amount to ₹ 57,08,51,652/-) on par value of ₹ 10/- each (i.e.1691.2%) for the financial year ended March 31, 2022, subject to the approval of the shareholders at the forthcoming Annual General Meeting, which along with the First Interim Dividend of ₹ 88.88/- per equity share adds up to a total dividend of ₹ 258/- per equity share for Financial Year 2021-22.

Your Company has not transferred any amounts to reserve for the Financial Year ended 31st March, 2022.

The paid up share capital of your Company is ₹ 33,753,940 divided into 3,375,394 equity shares of ₹ 10 /- each. Your Company has not come out with any issue (public, rights or preferential) during the Financial Year under review.

BOARD MEETINGS

During the year under review, the Board of Directors met 4 (Four) times. The Board Meetings were held on 11th May, 2021, 2nd August, 2021, 18th October 2021 and 15th January, 2022.

BOARD OF DIRECTORS AND OTHER MANAGERIAL PERSONNEL

Mr. P Srikar Reddy (DIN: 00001401) Director, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting ("AGM"). Brief profile of Mr. P Srikar Reddy is given in the notes to the Notice of the ensuing AGM.

The Board of Directors at their meeting held on 18th October 2021, has re-appointed Mr. Sujit Mohanty (DIN: 00001404) as 'Whole-time Director' for a further period of five (5) years w.e.f. 1st December, 2021 subject to the approval of the Shareholders/ Members at the ensuing AGM of the Company and in accordance with the provisions of section 196, 197 read with Schedule V and other applicable provisions of the Companies Act. Subsequently, the Board of Directors at their meeting held on 28th April 2022,

approved the appointment of Mr. Sujit Mohanty (DIN: 00001404) as the 'Managing Director' and 'Chief Executive Officer' of the Company effective 28th April 2022 to 30th November, 2026 on such terms and conditions as approved by the Board at their meeting held on 28th April 2022.

COMPANY SECRETARY:

During the year under review, Ms. Rashmi Shirke resigned as the Company Secretary of the Company effective 13th January 2022. Subsequently, Mr. Naresh Kumar Katla was appointed as the Company Secretary of the Company, effective 28th April, 2022.

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

Your Company has received necessary declaration from Independent Director of your Company under Section 149(7) of the Companies Act, 2013, that the Independent Director of your Company meet with the criteria of their Independence laid down in Section 149(6) of the Companies Act, 2013. The Independent Director has confirmed that she has complied with the Company's Code of Conduct. The Independent Director also further confirmed that she has registered her name in the Independent Directors' Databank.

DIRECTOR'S RESPONSIBILITY STATEMENT

In pursuance of Section 134 (3)(c) read with Section 134 (5) of the Companies Act, 2013, the Directors, based upon the information and explanations obtained by them as also documents made available to them and to the best of their knowledge and belief, hereby confirm that:

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the Annual Accounts on a going concern basis; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

MATERIAL CHANGES AND COMMITMENTS

There has been no material change and commitment affecting financial position of your Company between the end of the Financial Year under review and date of this Report.

AUDIT COMMITTEE

The Audit Committee comprises of Ms. Radhika Rajan (Chairperson), Mr. P Srikar Reddy and Mr. Sujit Mohanty as its members. During the year under review, the Committee met 4 (Four) times. The Committee Meetings were held on 11th May, 2021, 2nd August, 2021, 18th October 2021 and 15th January, 2022 and recommendations made by the Audit Committee, during the Financial Year under review, have been accepted by the Board.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee comprises of Ms. Radhika Rajan (Chairperson), Mr. P Srikar Reddy and Mr. Sujit Mohanty as its members. The Committee met 3 (Three) times during the year under review. i.e. on 11th May, 2021, 2nd August 2021 and 15th January, 2022.

The brief outline of the Corporate Social Responsibility (CSR) policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in Annexure II of this report in the format prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

QUALIFICATIONS IN AUDIT REPORTS

Your Company confirms that there is no qualification in the Statutory Auditor's Report and Secretarial Audit Report for the year under review.

STATUTORY AUDITORS

M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Bangalore, (Firm Registration No. 117366W/W-100018) were appointed as Statutory Auditors of the Company from the conclusion of seventeenth (17th) AGM till conclusion of Twenty Second (22nd) AGM subject to ratification of their appointment at every Annual General Meeting by the Shareholders/ members. However, the members may note that pursuant to the Companies (Amendment) Act, 2017 notified on May 7, 2018, the requirement of ratification of the appointment of the Statutory Auditors in every Annual General Meeting has been omitted, and therefore the Company is not required to seek ratification.

The Auditors' Report contains 'Unmodified Opinion' on the financial statements of the Company, for the year ended March 31, 2022 and there are no qualifications in their report.

M/s Deloitte, Haskins and Sells LLP, Chartered Accountants, current Statutory Auditors term will complete from the conclusion of Twenty Second (22nd) AGM. Pursuant to Section 139(2) and other applicable provisions of the Companies Act, 2013 and upon recommendation of the Audit Committee, the Board of Directors of the Company at their meeting held on 15th January, 2022, subject to the approval of the Shareholders/ Members at the ensuing AGM, recommended appointment of M/s B S R & Co. LLP, Chartered Accountants, Bengaluru, (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company to hold office from the conclusion of Twenty Second (22nd) AGM till conclusion of Twenty Seventh (27th) AGM.

SECRETARIAL AUDITOR

The Board appointed Mr. Parameshwar G Hegde, Practicing Company Secretary as the Secretarial Auditor for the Financial Year 2021-22 at the Board Meeting held on 18th October, 2021.

The Secretarial Audit Report for the financial year ended 31st March, 2022 is annexed to this Report as Annexure I. The report does not contain any qualification, reservation or adverse remark.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the Audit Committee or the Board, under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in the Board's report.





MAINTENANCE OF COST RECORDS AND APPOINTMENT OF COST AUDITOR

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

SECRETARIAL STANDARDS

During the year under review, your Company has complied with the provisions of the Secretarial Standards i.e., SS-1 and SS-2, which were issued by the Institute of Company Secretaries of India.

ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the annual return as at March 31, 2022 on website at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) CONSERVATION OF ENERGY

Though your Company does not have energy intensive operations, every endeavour has been made to ensure the optimal usage of energy, avoid wastage and conserve energy. As an ongoing process, your Company continued to undertake the following measures to conserve energy:

- Using energy-efficient computers and equipment with the latest technologies, which would help in conservation of energy.
- Installation of sensors at work space area resulting in lights automatically getting switched off in areas not in use.
- Comply 100 % removal of dead loads during week-ends. (Turn Off/Plug out heating elements of vending machines, Turn off Lighting circuits, Ensure all manual operating loads are cut off etc....)
- Water which is a scarce commodity all over, we have implemented new technology based systems for washroom water management named HUIDA where we will be using only 1 to 1.5 Liters for flushing as water against normal Commode flush of 10-15 liters per flush.
- Water aerators to the taps have been installed at all the facility which will save water (Claim is around 80%) without compromising water pressure (inspection done by management personally and observed that it is saving water).
- Replaced 4 non-working 143mm CFL-FP-L lights to Round LED: Kolkata
- Pune, Delhi & Mumbai offices are 100% LED
- COVID Measures helped automation in Water tap systems in Chennai office-Water saved using automatic sensor based taps

As the cost of energy consumed by your Company forms a very small portion of the total costs, the financial impact of these measures is not material.

(B) TECHNOLOGY ABSORPTION:

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the Financial Year under review, Foreign Exchange outgo on account of Travelling, Royalty, Import of traded products, etc. was ₹ 91 Lakhs and Foreign Exchange inflow

on account of software services rendered and sales of traded products exports was ₹ 1,64,806 Lakhs .

PARTICULARS OF EMPLOYEES

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

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public under Chapter V of the Companies Act, 2013 during the year under review.

QUALITY MANAGEMENT

Your company has been focusing on enhancing customer satisfaction and operational effectiveness by adopting industry best practices and standards.

Your company has been named a Microsoft Azure Expert Managed Service Provider (MSP), in recognition of its demonstrated expertise in providing world-class solutions on Microsoft Azure.

The Azure Expert MSP recognition is awarded after a rigorous audit and reinforces Sonata's leadership position in providing best-of-breed business solutions by leveraging the expertise of Azure, data, AI and machine learning, world-class engineering services, all underpinned by Sonata's Platformation™ methodology, to help business unlock their potential. The Azure Expert MSP audit recognizes the quality and consistency of Sonata's capabilities and solutions, as well as skillsets across DevOps/Sysops, architecting cloud solutions and technical professional consulting.

During the year under review, your company successfully completed the new certification audits of Information Security Management System as per ISO 27001 standard and Service Management System as per ISO20000 Standard and added these new certifications for delivering Cloud Management and Support services. Your company also successfully completed the annual surveillance audit of its Quality Management System demonstrating continued alignment with ISO 9001:2015 standard.

Your company continues its efforts to sustain and enhance customer satisfaction. Your company achieved an overall aggregated score of 4.3 out of a possible top score of 5 this year, from key customers.

Your company is focusing on enhancing service delivery processes and capabilities and adding new service offerings to clients.

AWARDS & RECOGNITION

- GITHUB Partner Sales Award : Super Star Partner during JAS 21
- GITHUB Partner Sales Award : Super Star Partner during OND 21
- Siemens "Top Partner 2021" award (revenue & deals)
- SAP "King of Clusters" award for 2 Qtr's in the row (top DRS registrations)
- Nutanix - Emerging partner of the Year for West region
- FreshWorks - Emerging partner of the year Award
- Redhat – Emerging Star Strategic partner for south
- HCL – Partner choice Award for product Coverage

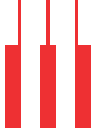
HUMAN RESOURCES MANAGEMENT

Sonata was part of the following activities during 2021-22:

- **Learning and development:**
- At Sonata, we are working towards nurturing an environment of life-long learning focused on career and individual growth

- transforming the Learning function to Unified Learning and Development.
- **FLEX (Focused Learning Experiences)**, a Leadership Development Journey for the new normal was launched for aspiring and current leaders. The sessions are aligned to the current business needs of leadership and digital roles of Digital DM/PM and Architect, enabling leaders to deliver World Class Client and Sonatian Experience in line with the Growth Agenda.
- **Unified Digital Architect program** was launched aiming to train 25 Digital Architects by June 2021 for deployment. This would support our Platformation agenda.
- **NASSCOM Future Skills B2C** group was launched for all Sonatians in India. A platform access that would contribute to building a learning culture by providing access to industry level curated knowledge content from SMEs in latest areas of Digital, Leadership and Professional skills.
- The entire organization had to quickly move to a WFH model and being able to communicate effectively in the virtual environment became highly important. We believe that effective communication helps create a World class customer and Sonatian experience. We had over 300 enthusiastic participants in the Webinar conducted to make this transition seamless- **"Communicate effectively in Virtual environment."**
- As the world rapidly moved towards digital transformation, it was imperative to bring ourselves up to speed and up-skill. We launched the Unified Engineer Development plan to support our Platformation™ agenda.
- **Employee Connect**
 - Connect programs and virtual employee engagement activities provided the much-needed motivation and good vibes in the situation that unfolded in the first quarter. In the new remote working scenario, enthusiastic and positive communication was paramount. We have had an array of virtual 'Fun at work' games and activities conducted for teams across geographical locations. The teams and families caught on and had fun at virtual dance and yoga sessions.
 - The Leaders' Ideation Forum (LIF) is a digitally hosted platform connecting leaders of Sonata across our various locations. The forum is one of our many initiatives to enhance communication, ideate on solutions, solve problems, and make consensus-based decisions aligning to our ethos of one culture, one team and one mission. Virtual LIFs were hosted which included Sonatians from various locations in India. The theme for the session was "Ideas, best practices for ensuring World Class delivery while remote working."
 - **Competency Town Hall:** Various Town Halls were organized for different competency groups where leadership shared updates focusing on business perspectives in the current context and the opportunities ahead. The Town Hall communicates to the team on critical aspects of business and ensures alignment to common purpose and goals of the organization. Your MD ensured he stayed connected with the entire organization by hosting quarterly company-wide townhalls to address Sonatians to all matters pertaining to the business and the way forward.
 - All Hands meeting is a key element of our communication and culture. Working remotely didn't stop us from enhancing the frequency or quality of our All Hands meetings. Virtual All-hands meeting was organized for our accounts. These sessions held more importance than ever, as it brought together teams working across different locations & shifts. These meetings gave an opportunity for Sonatians to receive important account level updates as well as raise clarifications with their immediate senior management.
- **Virtual Independence day celebrations** were organized and we had an overwhelming response by the participants. There was singing, playing of musical instruments, dancing and showcasing of artwork by the employees and their children as a part of the talent show along with Independence day Trivia conducted for the participants.
- To enable Sonatians to give the best-in-class experience to clients and to each other through communication, we launched BCI (Behavioral Competency Initiative) on LMS.
- Our joint management connect with our acquired entities ensures we move quickly on the integration path. The first Sonata Scalable Joint Leadership Update meeting was conducted with over 60 participants, to bring the two teams closer and enhance connect. This helped to leverage better the strengths of Sonata and Scalable group members for business growth.
- **Ask CEO** is a platform to share your ideas, suggestions, feedback and strategy approaches giving Sonatians direct access to connect with their MD. I urge employees to use the platform to share feedback/suggestions on Platformation™ as a mainstream, Creating World Class Experience and World Class Sonatian Experience.
- The pandemic did not dissuade Sonata's Toastmasters from connecting with one another and improving their leadership skills virtually. Each week the club convened to speak on themes such as Welcome to my Cubicle / WFH, Enjoy little things in Life, One Truth / One Lie, Engineers in Us etc.
- Let's Connect meetings were organized for our strategic accounts. The forum provides scope for the Delivery leadership & HR to give a huge shout out to all our top performers by handing over DNA awards.
- GBW Virtual Events: Sonata - GBW Virtual events across Australia, UK, Malaysia, Japan, China and India gave a chance to the GBW global employees, along with the Sonata HR team members to gather and celebrate Excellence Awards, DNA Awards and Service Recognition Awards. Latest GBW business updates, latest business wins, and information on the integration progress between GBW - Sonata team were provided. The regional teams also shared moments in their lives along with key reflections.
- c.o.n.v.e.r.s.a.t.i.o.n.s: Is a unique format informal chat sessions, where your MD speaks to Sonatians who he usually does not meet during his day to day interactions. These conversations enable us to engage with our employees in locations across the world including India, Europe, US and UK - allowing us to be truly global, share expectations, foster thoughts and ideas - all leading to alignment to a greater cause and better understanding of the core purpose of the organization.
- Your MD also started connecting with the new joiners once a month. This has helped the MD to interact directly with the new joiners early in their tenure and set the tone for the rest of their stay at Sonata.
- **Recognition of team that has created a World Class Client Experience through Excellence in Delivery:** The team's greatest challenge this time came in the form of building trust in a client. Putting its best foot forward, it took the team many thoughtfully designed interactions and meetings to win trust and establish a bond. As the project was rolled out, it was very clear that the team had exceeded all expectations in making impact with the client. The team overcame several technical challenges and arrived at solution by building a platform that has multiple features, as a one stop solution providing





seamless integration with the client's internal systems and external APIs!

- We launched SonataOne, Sonata's new integrated & modern HR platform for employees to self-transact and complete various tasks such as Generate the employee certificates such as Address Proof, employment certificate, apply & track leaves, recognise colleagues, view Personal data, submit time sheets, claim travel and expense reimbursements etc.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has in place well defined and adequate internal controls commensurate with the size of the Company and the same were operating effectively throughout the year. The internal control systems operate through well documented Standard Operating Procedures, policies and process guidelines. These Procedures, policies, processes and the systems are periodically reviewed and improved upon to meet the changing business environment.

The Internal Financial Controls helps in ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and timely preparation of reliable financial information.

During the year under review, both the internal and statutory auditors reviewed the internal financial controls. Based on their assessment no material weaknesses were found in the design and operation of the internal financial controls in the Company

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

During the year under review, there were no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status of your Company and its future operations.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

During the Financial Year under review, your Company has taken Inter Corporate Deposits at prevailing bank lending rate from its Holding Company, Sonata Software Limited for meeting its working capital requirements. There is no outstanding balance as on 31st March, 2022. The maximum amount outstanding at any point of time during the Financial Year has been ₹ 2,530 Lakhs.

Also, your Company has taken Corporate Guarantees from its Holding Company, Sonata Software Limited for facilitating its business needs. The outstanding amount as on 31st March, 2022 is as below:

Name of the Party	Amount (₹ in lakhs)
IBM India Ltd.	500
Microsoft Corporation (India) Pvt. Ltd.	30,316

RISK MANAGEMENT:

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

CORPORATE SOCIAL RESPONSIBILITY "CSR":

During the Financial Year, your Company has spent ₹ 170 lacs towards CSR activities.

Your Company has a Policy on CSR and as part of its implementation program, identified and participated in many initiatives, including the following:

- Sonata in partnership with The Golf Foundation (TGF) is supporting to help in identifying talented underprivileged Golfers, as it believes in producing global level golf champions from deserving talent from weaker section of society.
- Sonata in association with Compassion Unlimited Plus Action (CUPA) has supported Animal Welfare as part of CSR. We have supported CUPA in their project to develop the Second Chance Adoption Center for relief to thousands of injured, ill and needy street animals in Bangalore.
- Sonata's commitment to sustainability is not recent & we have been working on a number of Initiatives in the Company to create a safe Planet for all of us. Sonata Software in association with Grow Trees, planted trees on behalf of our Customers and Sonata Employees which allows individuals and companies to contribute to the environment leaving a habitable and hospitable world for future generations.
- Sonata partnered with Roshni Trust to provide services in Mental Health by creating awareness to eradicate stigma attached to psychiatric issues to underprivileged communities.
- Sonata in association with Child Rights and You (CRY) has developed an interactive android Application of life skill education programme and implemented for both Offline and Online usage and created a Web Portal for the Content Management.
- Scholarships for economically challenged engineering students – We partnered with SKSVMA Trust to support technical education for economically challenged students in the backward districts of Karnataka.
- Sonata Software partnered with Disom-The Leadership School' program under FMRA (Friends of Moral Re-Armament) to improve Leadership among the Rural communities who hail from economically, socially and politically marginalized backgrounds.
- Sonata Software partnered with Sneha Trust, to support Sneha Trust's Vidya Unnati Program with an aim to improve the quality of education and access to opportunities, for socio- economically vulnerable children.

The Annual Report on CSR in the prescribed format is enclosed to this report as Annexure II.

BOARD EVALUATION

During the Financial Year under review, as mandated by the Companies Act, 2013, your Company conducted an exercise to evaluate the performance of the Board, Committees of the Board, Chairman of the Board, Individual Directors and the Independent Director. As part of the evaluation process, individual criteria for each of the exercise was formulated. From these, formal questionnaire listing various parameters on which each of the categories were required to be evaluated was shared with each member of the Board / Committee / Director. They were then required to rate individually on each of the parameters Pursuant to provision of Companies Act, 2013.

VIGIL MECHANISM & SEXUAL HARRASMENT

Your Company shares a group Vigil Mechanism policy formulated and adopted by Sonata Software Limited (Holding Company). This policy provides a secure framework to report genuine concerns about unethical behaviour, actual or suspected fraud, theft, bribery, misappropriation of Company funds, financial reporting violations, misuse of intellectual property, mismanagement, significant environmental, safety or product quality issues, discrimination,

actual or potential conflicts of interest, violation of Company's rules, Company's policies or violation of Code of Conduct of your Company. The said policy has been communicated to the employees.

Sonata Software Limited (Holding Company) has formulated and adopted a policy on 'Prevention of Sexual Harassment' which is in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. This policy extends to your Company and through this policy, complaints are monitored by a committee duly constituted for protection against victimisation. No complaints were received under this policy during the Financial Year 2021-22.

The Company affirms that no employee has been denied access to the Audit Committee during the Financial Year 2021-22.

RELATED PARTY TRANSACTIONS:

All related party transactions are placed on a quarterly basis before the Audit Committee and before the Board for approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are foreseeable and of a repetitive nature.

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

JUSTIFICATION FOR ENTERING INTO RELATED PARTY TRANSACTIONS:

During the year under review, your Company has availed Inter Corporate Deposits at prevailing bank lending rate from its Holding Company, Sonata Software Limited for meeting its working capital requirements.

Also, your Company has obtained Corporate Guarantees on its behalf from its Holding Company, Sonata Software Limited, for facilitating its business needs.

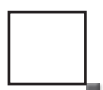
ACKNOWLEDGEMENTS

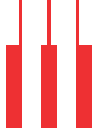
Your Directors would like to place on record their gratitude for all the guidance and co-operation received from all its clients, vendors, bankers, financial institutions, business associates, advisors, regulatory and government authorities. Your Directors also take this opportunity to thank all its shareholders and stakeholders for their continued support and all the Sonatians for their valuable contribution and dedicated service.

For and on behalf of the Board

Place : Bengaluru
Date : April 28, 2022

P Srikar Reddy
Chairman





Annexure - I

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2022

(Pursuant to section 204(1) of the Companies Act 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,

The Members,
Sonata Information Technology Limited
No. 208 T V Industrial "Estate" "K. Ahire" Marg,
Worli, Mumbai - 400030
Maharashtra, India

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SONATA INFORMATION TECHNOLOGY LIMITED** (herein after called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2022 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2022** according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the rules made thereunder;
- ii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment, if any; (Not applicable during the audit period.) and
- iii. Other laws applicable specifically to the Company, namely:
 - a) The Information Technology Act, 2000 and the rules made thereunder;
 - b) The Special Economic Zones Act, 2005 and the rules made thereunder;
 - c) Software Technology Parks of India rules and regulations; (Not applicable during the audit period)
 - d) The Indian Copyright Act, 1957; (Not applicable during the audit period)

- e) The Patents Act, 1970; (Not applicable during the audit period)
- f) The Trade Marks Act, 1999. (Not applicable during the audit period)

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

I report that, during the period under review the Company has complied with the provisions of the Acts, Rules, Regulations and Standards mentioned above.

I further report that, being an unlisted Company, during the audit period, the following Acts and the rules and regulations made thereunder were not applicable to the Company:

- i. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- ii. The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations and Guidelines made/ issued thereunder; and
- iii. The Depositories Act, 1996 and the Regulations and Bye- laws framed thereunder.

I further report that, the compliance by the Company of applicable financial laws such as direct and indirect tax laws and maintenance of financial records and books of accounts have not been reviewed in this Audit since the same have been subject to review by the statutory financial auditors, tax auditors and other designated professionals.

I further report that, the Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Non-Executive Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

I further report that, based on the information provided and the representation made by the Company and also on the review of the compliance certificates/reports taken on record by the Board of Directors of the Company, in my opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I report further that, during the audit period there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. having a major bearing on the Company's affairs.

P. G. HEGDE

Hegde & Hegde

Company Secretaries

FCS:1325 / C.P.No: 640

UDIN: F001325D000197796

Place: Bengaluru

Date: April 28, 2022

This report is to be read with Annexure A which forms an integral part of this report.

'ANNEXURE' A

To,

The Members
Sonata Information Technology Limited
Mumbai

My report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

P. G. HEGDE

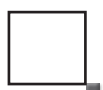
Hegde & Hegde

Company Secretaries

FCS:1325 / C.P.No: 640

UDIN: F001325D000197796

Place: Bengaluru
Date: April 28, 2022





Annexure - II

1. Brief outline on CSR Policy of the Company.

Sonata Software, through its CSR initiatives, will enhance value creation in the society and in the community in which it operates, through its services, conduct & initiatives, so as to promote sustained growth in the society and community around it along with environmental concern. The objective of this policy is to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of all its stakeholders and other objects of the Company.

Further, take up those programmes directly or indirectly, that benefit the communities and society at large, over a period of time, in enhancing the quality of life & economic well-being of the local populace.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Radhika Rajan	Chairperson	3	3
2	Mr. P. Srikar Reddy	Member	3	3
3	Mr. Sujit Mohanty	Member	3	3

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Composition of CSR Committee: <https://www.sonata-software.com/sites/default/files/financial-reports/2021-07/sitl-committes.pdf>

CSR Policy: <https://www.sonata-software.com/sites/default/files/financial-reports/2021-08/corporate-social-responsibility-policy.pdf>

CSR Projects: <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>

- Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable
- Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any: Not Applicable
- Average net profit of the company as per section 135(5): ₹ 8,314 Lakhs
- Two percent of average net profit of the company as per section 135(5): ₹ 166 Lakhs
 - Surplus arising out of the CSR projects or programmes or activities of the previous financial years.: Not Applicable
 - Amount required to be set off for the financial year, if any : Not Applicable
 - Total CSR obligation for the financial year (7a+7b-7c): ₹ 166 Lakhs
- CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Lacs.)	Amount Unspent (₹ in Lacs)				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).		
	Amount.	Date of transfer.	Name of the Fund	Amount.	Date of transfer.
170	Nil	Nil	Nil	Nil	Nil

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1) Sl. No.	(2) Name of the Project.	(3) Item from the list of activities in Schedule VII to the Act.	(4) Local area (Yes/No)	(5) Location of the project.		(6) Project duration. (in Months)	(7) Amount allocated for the project (₹ in Lacs).	(8) Amount spent in the current financial Year (₹ in Lacs).	(9) Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ in Lacs).	(10) Mode of Implementation - Direct (Yes/No).	(11) Mode of Implementation – Through Implementing Agency	
				State.	District.						Name	Registration number.
1	Art and Photography foundation	Schedule VII, Promoting Traditional Arts & Handicrafts	Yes	Karnataka	Bangalore	24 Months	11	10	-	NO	Art and Photography foundation	CSR00000053
2	The Golf Foundation	Schedule VII, Training to promote sports	No	Delhi	Delhi	36 Months	1	1	-	NO	The Golf Foundation	CSR000000885
3	Sneha Trust	Schedule VII, Promoting Education	Yes	Karnataka	Bangalore	36 Months	5	5	-	NO	Sneha Trust	CSR000012241
4	Roshni Trust	Schedule VII, Promoting Healthcare	No	Telangana	Hyderabad	36 Months	11	10	-	NO	Roshni Trust	CSR00000064
5	Friends of Moral Re-Armament	Schedule VII, Promoting Healthcare	No	Maharashtra	Panchgani	36 Months	5	5	-	NO	FMRA	CSR000015390
6	Shobha Trust	Schedule VII, Promoting Healthcare	Yes	Karnataka	Bangalore	12 Months	26	25	-	NO	Shobha Trust	CSR000028205
7	Samatvam Trust	Schedule VII, Promoting Healthcare	Yes	Karnataka	Bangalore	36 Months	3	3	-	NO	Samatvam Trust	CSR000029069
8	Compassion Unlimited Plus Action (CUPA)	Schedule VII, Protection of Flora and Fauna	Yes	Karnataka	Bangalore	12 Months	16	15	-	NO	Compassion Unlimited Plus Action (CUPA)	CSR000001349
9	Grow Trees	Schedule VII, Ensuring Environment Sustainability	No	Maharashtra	Mumbai	NA	3	3	-	NO	Grow Trees	-*
10	SKSVMA	Schedule VII, Promoting Education	No	Karnataka	Gadag	36 Months	4	4	-	NO	SKSVMA	CSR000003181
11	BMCRI	Schedule VII, Promoting Healthcare	Yes	Karnataka	Bangalore	12 Months	3	2	-	NO	BMCRI	CSR000015279
12	Shanti Bhavan	Schedule VII, Promoting Education	Yes	Karnataka	Bangalore	12 Months	12	11	-	NO	Shanti Bhavan	CSR000000476
13	Academy of Family Physicians of India	Schedule VII, Promoting Healthcare	Yes	New Delhi	New Delhi	12 Months	11	10	-	NO	AFPI	CSR000018483
14	Child Rights & You	Schedule VII, Promoting Education	Yes	Karnataka	Bangalore	9 Months	55	52	-	NO	CRY	CSR000012308
15	Application & Hosting Support for developed Applications	Schedule VII, Promoting Education		India	NA	NA	7	7	-	NA	NA	NA
	TOTAL							163				

* The amount spent is over and above CSR obligation for FY 2021-22.

(c) Details of CSR amount spent against other than ongoing projects for the financial year: Not Applicable.

(d) Amount spent in Administrative Overheads: ₹ 7 Lacs

(e) Amount spent on Impact Assessment, if applicable: Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹ 170 Lacs



(g) Excess amount for set off, if any

Si. No.	Particular	Amount (₹ in Lacs)
(i)	Two percent of average net profit of the company as per section 135(5)	166
(ii)	Total amount spent for the Financial Year	170
(iii)	Excess amount spent for the financial year [(ii)-(i)]	4
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NIL
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	4

9. (a) Details of Unspent CSR amount for the preceding three financial years: Not Applicable
(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s): Not Applicable
10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): Not Applicable
(a) Date of creation or acquisition of the capital asset(s).
(b) Amount of CSR spent for creation or acquisition of capital asset.
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).
11. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). Not Applicable

Sd/-
P. Srikar Reddy
Director

Place: Bengaluru
Date: 28 April, 2022

Sd/-
Radhika Rajan
Chairperson of CSR Committee

Place: Mumbai
Date: 28 April, 2022

ANNEXURE III

Particulars of contracts / arrangements made with related parties

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014 - Form AOC-2)

1) Details of contracts or arrangements or transactions not at arm's length basis:

There was no Contract / arrangement / transaction entered into during the Financial Year ended 31st March 2022, which was not at arm's length basis.

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

(₹ in lakhs)

Name of the Related Party	Sonata Software Limited	Sonata Software North America Inc.
Nature of Relationship	Holding Company	Fellow subsidiary
Nature Of Contracts/ Arrangements/ Transactions:		
Revenue from software product and licenses	9,275	2
Deputation cost/ service charges/ software project fees	-	-
Inter- corporate deposit taken	6,060	-
Inter- corporate deposit repaid	6,060	-
Interest on inter- corporate deposit paid	30	-
Rent paid	78	-
Dividend paid	8,000	-
Commission paid on corporate guarantees	58	-

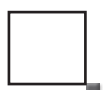
Notes:

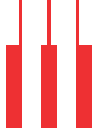
- Duration of the above Contracts / Arrangements / transactions are all ongoing contracts.
- Salient terms of the Contracts or arrangements or transactions above mentioned are all based on transfer pricing guidelines.
- Appropriate approvals have been taken for these Related Party Transactions.
- Advances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

FOR AND ON BEHALF OF THE BOARD
SONATA INFORMATION TECHNOLOGY LIMITED

Place: Bengaluru
Date: 28 April 2022

P Srikar Reddy
Chairman





INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SONATA INFORMATION TECHNOLOGY LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of SONATA INFORMATION TECHNOLOGY LIMITED (the "Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year ended on that date and a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022 and its profit, total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis and Board's Report including Annexures to Board's Report but does not include the financial statements and our auditor's report thereon.

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

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

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

Management's Responsibilities for the Financial Statements

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

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

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

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

controls system in place and the operating effectiveness of such controls.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as

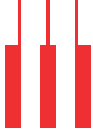
on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 32 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities;
- (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in Note 32 of the financial statements, no funds have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.





- v. As stated in note 29 to the financial statements
- (a) The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.
 - (b) The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with Section 123 of the Act.
 - (c) The Board of Directors of the Company have proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.
2. As required by the Companies (Auditor's Report) Order, 2020 (the "Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No.110128)

UDIN: 221101288AICOXY3624

Place: Bengaluru
Date: April 28, 2022

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Sonata INFORMATION TECHNOLOGY Limited of even date)

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

We have audited the internal financial controls over financial reporting of SONATA INFORMATION TECHNOLOGY LIMITED (the "Company") as of March 31, 2022 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner

Place: Bengaluru
Date: April 28, 2022

(Membership No.110128)
UDIN: 221101288AICOXY3624





ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of SONATA INFORMATION TECHNOLOGY Limited of even date)

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that:

- i. In respect of the Company's Property, Plant and Equipment and Intangible Assets:
 - (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.
 - (B) The Company does not hold any intangible assets, reporting under clause 3(i) (b) of the Order is not applicable.
 - (b) The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so to cover all the assets once every three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain Property, Plant and Equipment were due for verification during the year and were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The Company does not have any immovable properties other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee and hence reporting under the clause 3(i)(c) of the Order is not applicable to the Company.
 - (d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) during the year.
 - (e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- ii. (a) The Company does not have any inventory and hence reporting under clause 3(ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the quarterly returns or statements comprising (stock statements, book debt statements, and other stipulated financial information) filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

- iii. The Company has not made any investments in, provided any guarantee or security, and granted any loans or advances in the nature of loans, secured or unsecured to companies, firms, Limited Liability Partnerships, or any parties during the year, hence reporting under clause 3(iii) of the Order is not applicable
- iv. The Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of loans granted, investments made and guarantees and securities provided, as applicable.
- v. The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause 3(v) of the Order is not applicable.
- vi. The maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 for the business activities carried out by the Company. Hence, reporting under clause (vi) of the Order is not applicable to the Company.
- vii. In respect of statutory dues:
 - (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, cess and other material statutory dues applicable to the Company have been regularly deposited by it with the appropriate authorities in all cases during the year.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2022 for a period of more than six months from the date they became payable.
 - (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited on account of disputes as on March 31, 2022 on account of disputes are given below:
- viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- ix. (a) In our opinion, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹ in lakhs)
Income Tax Act, 1961	Income Tax	High Court	AY 2002-03 to 2010-11	28,567
		Appellate Authority upto ITAT Level	AY 2015-16 to 2017-18	3,480

- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) The Company did not have any subsidiary or associate or joint venture during the year and hence, reporting under clause 3(ix)(e) of the Order is not applicable.
- (f) The Company has raised loans during the year however it does not have any subsidiary or associate or joint venture and hence reporting on clause 3(ix)(f) of the Order is not applicable.
- x. (a) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause 3(x)(a) of the Order is not applicable.
- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under clause 3(x)(b) of the Order is not applicable.
- xi. (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) As represented to us by the Management there were no whistle blower complaints received by the Company during the year.
- xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.
- xvi. (a) In our opinion, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause 3(xvi)(a), (b) and (c) of the Order is not applicable.
- (b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting under clause 3(xvi)(d) of the Order is not applicable.
- xvii. The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors of the Company during the year.
- xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- xx. The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amount for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in in compliance with provision of sub-section (6) of Section 135 of the said Act. Accordingly, reporting under clause 3(xx) of the Order is not applicable for the year.

For DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

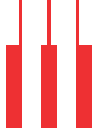
Gurvinder Singh

Partner

Place: Bengaluru
Date: April 28, 2022

(Membership No.110128)
UDIN: 221101288AICOXY3624



**BALANCE SHEET** as at March 31, 2022

₹ in Lakhs

	Note No.	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	56	60
Right-of-use assets	31	418	747
Financial assets			
Other financial assets	4	2,028	2,062
Deferred tax assets (net)	15	1,519	725
Other non-current assets	5	4,844	3,556
Total non-current assets		8,865	7,150
Current assets			
Financial assets			
Investments	6.1	6,205	2,036
Trade receivables	6.2	65,522	45,418
Cash and cash equivalents	6.3	37,874	28,154
Bank balances other than above	6.4	1,080	754
Other financial assets	6.5	2,997	1,904
Other current assets	7	1,272	2,098
Total current assets		114,950	80,364
Total assets		123,815	87,514
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	338	338
Other equity	9	29,294	26,497
Total equity		29,632	26,835
Liabilities			
Non-current liabilities			
Financial liabilities			
Lease liabilities	10.1	342	653
Total non-current liabilities		342	653
Current liabilities			
Financial liabilities			
Borrowings	11.1	474	2,475
Trade payables	11.2	-	-
Total outstanding dues of micro enterprises and small enterprises		87,547	51,029
Lease liabilities	11.3	184	211
Other financial liabilities	11.4	279	153
Other current liabilities	12	3,889	4,975
Provisions	13	97	67
Current tax liabilities (net)	14	1,371	1,116
Total current liabilities		93,841	60,026
Total equity and liabilities		123,815	87,514

See accompanying notes to the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No. 110128)

Bengaluru

Place : Bengaluru

Date : April 28, 2022

For and on behalf of the Board of Directors

P Srikar Reddy

Chairman

Sujit Mohanty

Managing Director & CEO

Naresh Kumar Katla

Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2022

₹ in Lakhs

	Note No.	For the year ended March 31, 2022	For the year ended March 31, 2021
REVENUE			
Revenue	16.1	406,693	306,561
Other income	16.2	1,651	1,549
Total income		408,344	308,110
EXPENSES			
Purchases of stock-in-trade (traded goods)		389,133	292,500
Employee benefits expense	17	3,850	2,696
Finance costs	18	369	412
Depreciation and amortization expense	3 & 31	197	205
Other expenses	19	1,115	3,359
Total expenses		394,664	299,172
Profit before tax		13,680	8,938
Tax expense			
Current tax expense	14	4,507	2,876
Provision for tax relating to prior years	14	-	614
Deferred tax	15	(1,008)	(571)
Net tax expense		3,499	2,919
Profit for the year		10,181	6,019
Other comprehensive income			
1 (a) Items that will not be reclassified to profit/(loss)		(137)	(3)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		35	1
		(102)	(2)
2 (a) Items that will be reclassified to profit/(loss)		966	1,112
(b) Income tax relating to items that will be reclassified to profit/(loss)		(248)	(287)
		718	825
Total		616	823
Total comprehensive income		10,797	6,842
Earnings per share - (on ₹ 10 per share)			
Basic and Diluted ₹	28	301.21	178.30

See accompanying notes to the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No. 110128)

Bengaluru

For and on behalf of the Board of Directors

P Srikar Reddy

Chairman

Sujit Mohanty

Managing Director & CEO

Naresh Kumar Katla

Company Secretary

Place : Bengaluru

Date : April 28, 2022





CASH FLOW STATEMENT for the year ended March 31, 2022

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax	13,680	8,938
Adjustments for :		
Depreciation and amortization expense	197	205
Finance costs	296	337
Impairment loss recognised on trade receivables and bad debts written off	(350)	919
Interest - others	(2)	(3)
Lease payment concessions	(4)	(4)
Interest from fixed deposits/margin money with banks	(1,499)	(848)
Net (gain) / loss on sale of current investments	(239)	(132)
Unrealized foreign exchange (gain) / loss (net)	(46)	(60)
Operating profit before working capital changes	12,033	9,352
Adjustments for :		
Decrease/(increase) in trade receivables	(19,508)	521
Decrease/(increase) in other financial assets non-current	35	113
Decrease/(increase) in other financial assets	(18)	(15)
Decrease/(increase) in other non-current assets	1	-
Decrease/(increase) in other current assets	692	423
(Decrease)/increase in trade payables	37,115	3,954
(Decrease)/increase in other financial liabilities	126	(488)
(Decrease)/increase in other current liabilities	(1,085)	2,313
(Decrease)/increase in provisions	30	12
Net cash flow from operating activities before taxes:	29,421	16,185
Income taxes paid, net of refunds	(5,542)	(4,274)
Net cash flow from / (used in) operating activities (A)	23,879	11,911
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment, including intangible assets, capital work-in-progress and capital advances	(29)	-
Purchase of investments	(216,952)	(73,296)
Proceeds from sale of investments	213,023	71,393
Bank balances not considered as Cash and cash equivalents	(326)	(262)
Interest received	921	545
Net cash flow from / (used in) investing activities (B)	(3,363)	(1,620)

CASH FLOW STATEMENT for the year ended March 31, 2022

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	474	8,184
Repayment of short-term borrowings	(2,475)	(5,987)
Payment on lease liabilities	(246)	(209)
Dividends paid on equity shares	(8,000)	(338)
Finance costs	(220)	(243)
Net cash flow from / (used in) financing activities	(C)	1,407
Net increase in Cash and cash equivalents	(A+B+C)	11,698
Opening Cash and cash equivalents	28,154	16,161
Exchange difference on translation of foreign currency Cash and cash equivalents	(329)	295
Closing Cash and cash equivalents	37,874	28,154
Cash and cash equivalents at the end of the year comprises:		
Balances with banks		
In Current accounts	632	341
In EEFC accounts	105	252
In Demand deposit accounts	37,137	27,561
	37,874	28,154

See accompanying notes to the financial statements

As per our report of even date attached**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No. 110128)

Bengaluru

Place : Bengaluru

Date : April 28, 2022

For and on behalf of the Board of Directors**P Srikar Reddy**

Chairman

Sujit Mohanty

Managing Director & CEO

Naresh Kumar Katla

Company Secretary





STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2022

(a) Equity share capital

₹ in Lakhs

Balance as at April 1, 2020	338
Add: Shares issued on exercise of employee stock option	-
Balance as at March 31, 2021	338
Balance as at April 1, 2021	338
Add: Shares issued on exercise of employee stock option	-
Balance as at March 31, 2022	338

(b) Other equity

₹ in Lakhs

	Reserves and Surplus (Refer Note 9)				Items of Other comprehensive income (Refer Note 9)	Total Other Equity
	Capital Redemption Reserve	General Reserve	Retained Earnings	Remeasurement of the defined benefit plans	Effective portion of cash flow hedges	
Balance as at April 1, 2020	262	450	19,307	(25)	(1)	19,993
Profit for the year			6,019			6,019
Other comprehensive Income (net of tax)				(2)	825	823
Total comprehensive income for the year			6,019	(2)	825	6,842
Payment of Cash dividends			(338)			(338)
Balance as at March 31, 2021	262	450	24,988	(27)	824	26,497
Balance as at April 1, 2021	262	450	24,988	(27)	824	26,497
Profit for the year			10,181			10,181
Other comprehensive Income (net of tax)				(102)	718	616
Total comprehensive income for the year			10,181	(102)	718	10,797
Payment of Cash dividends			(8,000)			(8,000)
Balance as at March 31, 2022	262	450	27,169	(129)	1,542	29,294

See accompanying notes to the financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No. 110128)

Bengaluru

Place : Bengaluru

Date : April 28, 2022

For and on behalf of the Board of Directors

P Srikar Reddy

Chairman

Sujit Mohanty

Managing Director & CEO

Naresh Kumar Katla

Company Secretary

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. Company Overview

Sonata Information Technology Limited ("SITL" or the "Company") is a Company primarily engaged in the business of providing Information Technology Solutions, software development services and re-selling products of companies such as Microsoft, IBM and Oracle etc. to its customers in India and the Asia Pacific region.

The Company is a public limited company incorporated and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. SITL is a wholly owned subsidiary of Sonata Software Limited. The financial statements are approved for issue by the Company's Board of Directors on April 28, 2022.

2. Significant Accounting Policies

2.1 BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance

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

b. Basis of measurement

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

c. Use of judgement, estimates and assumptions

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

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

i) Income taxes

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

ii) 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.

Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecast transaction.

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

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





2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional and presentation currency

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

b. Property, plant and equipment

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

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

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

c. Capital work-in-progress

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

d. Depreciation/ Amortisation

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

Depreciation has been provided on 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 improvements are amortized over primary lease period.

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

e. Financial Instruments

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

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, fair value through other comprehensive income (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 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.

Derivative financial instruments and hedging activities

A derivative is a financial instrument which changes value in response to changes in an underlying asset and is settled at a future date. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Company enters into derivative contracts to hedge the risks asserted with currency fluctuations relating to firm commitments and highly probable transactions. The Company does not use derivative instruments for speculative purposes.

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The ineffective portion of changes in the fair value of the derivative is recognised in the Statement of Profit and Loss.

Amounts accumulated in hedging reserve are reclassified to the Statement of Profit and Loss in the periods when the hedged item affects the Statement of Profit and Loss.

The full fair value of a hedging derivative is classified as a current/ non-current, asset or liability based on the remaining maturity of the hedged item.

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in Statement of Changes in Equity is recognised in the Statement of Profit and Loss.

Offsetting financial instruments

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

Fair value measurement

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

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



- ii) Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.
- iii) Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Company carries such instruments at cost less impairment, if applicable.

f. 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, 2020.

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 ₹ 500,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

g. Employee Benefits

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

Provident Fund: Employees receive benefits from government administered provident fund, which is a defined contribution plan. The employer and employees each make periodic contributions to the government administered provident and pension funds. The Company has no further obligations to the fund beyond its monthly contributions.

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

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

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

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

Short-term employee benefits

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

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

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

h. Provisions

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are determined by discounting the expected future cashflows at pre-tax rate that reflects the current market assessments of the time value of the money and the risks specific to the liability. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

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) 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.

When another party is involved in providing goods or services to the customer, the entity determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (ie the entity is a principal) or to arrange for those goods or services to be provided by the other party (ie the entity is an agent). The entity determines whether it is a principal or an agent for each specified good or service promised to the customer. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer. Company recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. Company recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

b) 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.

c) 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.

d) Maintenance Contracts

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.

When another party is involved in providing goods or services to the customer, the entity determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (ie the entity is a principal) or to arrange for those goods or services to be provided by the other party (ie the entity is an agent). The entity determines whether it is a principal or an agent for each specified good or service promised to the customer. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer. Company recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. Company recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

Trade receivables and Contract Balances

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

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

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

'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. Dividend :

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees to the share holders after deducting the taxes at applicable rates.

m. 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.

n. 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.

o. Impairment

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

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

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

- b) Non-financial assets**

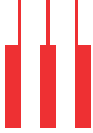
The Company assesses at each reporting date whether there is any objective evidence that a non financial asset or a group of non financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss.

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

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

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





p. 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.

q. 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.

r. 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.

s. Events after the reporting period

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

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

NOTES FORMING PART OF FINANCIAL STATEMENTS

3. Property, Plant and Equipment

₹ in Lakhs

	Tangible Assets				
	Leasehold improvements	Plant and equipments	Office equipments	Furniture and fixtures	Total
Gross carrying value (Deemed cost)					
As at April 1, 2020	112	178	32	22	344
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2021	112	178	32	22	344
As at April 1, 2021	112	178	32	22	344
Additions	-	29	-	-	29
Disposals	-	-	-	-	-
As at March 31, 2022	112	207	32	22	373
Accumulated Depreciation					
As at April 1, 2020	101	108	26	14	249
Charge for the Year	4	28	2	1	35
Depreciation on disposals	-	-	-	-	-
As at March 31, 2021	105	136	28	15	284
As at April 1, 2021	105	136	28	15	284
Charge for the year	3	26	1	3	33
Depreciation on disposals	-	-	-	-	-
As at March 31, 2022	108	162	29	18	317
Net carrying value					
As at March 31, 2022	4	45	3	4	56
As at March 31, 2021	7	42	4	7	60

4. Other financial assets

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good unless otherwise stated		
Balance held as margin money or security against guarantee	1,937	1,951
Security deposits	91	111
Total	2,028	2,062

5. Other non-current assets

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good		
Other deposits	3	4
Advance Tax (net of provision for tax ₹ 14,995 (for March 31, 2021 ₹ 12,119))	4,620	3,331
Balances with Government authorities		
Receivable from Customs authority	219	219
Receivable from GST authority	2	2
Other recoverables	125	125
Less : Allowance for doubtful recoverable	125	125
	-	-
Total	4,844	3,556



6.1 Investments

Investments carried at fair value through profit & loss:

₹ in Lakhs

	As at March 31, 2022		As at March 31, 2021	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Investments in mutual funds (Quoted)				
Aditya Birla Sunlife Overnight Fund - Growth Direct Plan	91,530	1,052		-
Axis Overnight Fund Direct Growth	133,523	1,501		-
IDFC Overnight Fund - Direct Plan - Growth	88,238	1,000		-
TATA Overnight Fund-Direct Plan-Growth	89,214	1,000		-
UTI - Overnight Fund - Direct Plan - Growth Option	22,354	651		-
L&T Overnight Fund Direct Growth	30,160	500		-
SBI Overnight Fund - Direct Plan - Growth	14,450	501		-
ICICI Prudential Liquid Fund - Direct Growth	-	-	689,451	2,036
Total		6,205		2,036

6.2 Trade receivables

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Unsecured		
Considered good*	65,522	45,418
Considered doubtful	617	1,174
	66,139	46,592
Less : Allowances for credit losses	617	1,174
Total	65,522	45,418

* Include dues from related party (Refer note 30)

Movement in allowances for credit losses

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	1,174	288
Movement in allowances for credit losses on trade receivables	(557)	886
Provision at the end of the year	617	1,174

Trade receivable ageing schedule

₹ in Lakhs

	Outstanding for the following period from due date of payments						Total
	Not due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - Considered Good							
As at March 31, 2022	59,540	5,377	829	4	389	-	66,139
As at March 31, 2021	35,528	4,312	5,537	1,009	80	126	46,592

6.3 Cash and cash equivalents

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Balances with banks		
In current accounts	632	341
In EEFC accounts	105	252
In demand deposit accounts	37,137	27,561
Total	37,874	28,154

6.4 Bank balances other than above

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
In earmarked accounts		
Balance held as margin money or security against borrowings	1,080	754
Total	1,080	754

6.5 Other financial assets

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on fixed deposits/margin money	884	306
Loans and advances to related parties - Advances recoverable (Refer note 30)	43	1
Unbilled revenue	-	23
Fair value of forward contracts (Refer note 22)	2,070	1,574
Total	2,997	1,904

7. Other current assets

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Other deposits	162	103
Loans and advances to employees	3	1
Prepaid expenses	109	143
Balances with government authorities		
Receivable from service tax authority	6	40
VAT credit receivable	40	125
GST credit receivable	314	263
	360	428
Gratuity (Refer note 25)	-	23
Other recoverables	638	1,400
Total	1,272	2,098

8. Equity share capital

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Authorized		
10,000,000 equity shares of ₹ 10/- each	1,000	1,000
(As at March 31, 2021 - 10,000,000 equity shares of ₹ 10/- each)		
Issued		
6,000,700 equity shares of ₹ 10/- each	600	600
(As at March 31, 2021 - 6,000,700 equity shares of ₹ 10/- each)		
Subscribed and paid-up		
3,375,394 equity shares of ₹ 10/- each	338	338
(As at March 31, 2021 - 3,375,394 equity shares of ₹ 10/- each)		
Total	338	338

Refer note (i) to (vi) below



Notes :

	As at March 31, 2022	As at March 31, 2021
i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year		
Equity shares with voting rights		
Number of shares	3,375,394	3,375,394
Amount ₹ in Lakhs	338	338

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

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

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

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

	As at March 31, 2022	As at March 31, 2021
iii) Details of shares held by Holding Company		
Equity shares with voting rights		
Sonata Software Limited (Holding Company) and its nominees	3,375,394	3,375,394
iv) Details of shares held by each shareholder holding more than 5% shares		
Sonata Software Limited (Holding Company) and its nominees		
No. of shares held	3,375,394	3,375,394
% of holding	100%	100%
v) Details of shares held by each promoter		
Sonata Software Limited (Holding Company) and its nominees No. of shares held	3,375,394	3,375,394
% of holding	100%	100%

vi) During the year ended March 31, 2022, on account of final dividend for fiscal 2021 the Company has incurred a net cash outflow of ₹ 5,000 lakhs and an interim dividend of ₹ 3,000 lakhs for fiscal 2022

9. Other equity

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Capital redemption reserve	262	262
A statutory reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of company's own share pursuant to section 69 of the Companies Act, 2013.		
General reserve	450	450
This represents appropriation of profit by the company.		
Retained earnings		
Opening balance	24,988	19,307
Profit for the year	10,181	6,019
Less :		
Dividend	8,000	338
Closing balance	27,169	24,988
Retained earnings comprises of the amounts that can be distributed by the company as dividends to its equity share holders.		

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Remeasurement of the defined benefit plans		
Opening balance	(27)	(25)
For the year, (net of tax)	(102)	(2)
Closing balance	(129)	(27)
Actuarial gain or (losses) on gratuity benefit are recognised in other comprehensive income.		
Other Comprehensive Income		
Effective portion of cash flow hedges		
Opening balance	824	(1)
Exchange differences on cash flow hedges	966	1,112
Tax impact on the above	(248)	(287)
Closing balance	1,542	824
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.		
Total	29,294	26,497

10.1 Lease Liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Long term lease liabilities (Refer note 31)	342	653
Total	342	653

11.1 Borrowings

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Term loan		
From others - Unsecured (Vendor financing arrangement repayable in three quarterly instalments)	474	2,475
Total	474	2,475

11.2 Trade Payables

₹ in Lakhs

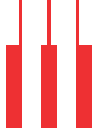
	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro and small enterprises - other than acceptances	87,547	51,029
Total	87,547	51,029

Trade payables ageing schedule

₹ in Lakhs

	Outstanding for the following period from due date of payments						Total
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2022							
Dues to MSME	-	-	-	-	-	-	-
Others	2,912	84,184	27	107	20	297	87,547
As at March 31, 2021							
Dues to MSME	-	-	-	-	-	-	-
Others	2,727	38,833	9,073	93	40	263	51,029



**11.3 Lease Liabilities**

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Short term lease liabilities (Refer note 31)	184	211
Total	184	211

11.4 Other Financial Liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Payable on purchase of Property, Plant and Equipment	8	8
Reimbursable expenses payable to related party (Refer note 30)	271	145
Total	279	153

12. Other Current Liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Income received in advance (Unearned revenue)	1,340	2,456
Gratuity payable (net) (Refer note 25)	12	-
Other payables		
Statutory remittances	2,147	1,731
Advances from customers	339	737
Interest accrued on ICD (Refer note 30)	3	3
Others	48	48
Total	3,889	4,975

13. Provisions

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits - Compensated absences	97	67
Total	97	67

14. Current Tax Liabilities (Net)

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
Provision for tax (net of advance tax ₹ 5,958 (for March 31, 2021 ₹ 4,582))	1,371	1,116
Total	1,371	1,116

Income Tax

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Income tax expense in the statement of profit and loss consists of:		
Current Tax:		
In respect of current year	4,507	2,876
In respect of prior years	-	614
Deferred Tax:		
In respect of current year	(1,008)	(571)
Total Income tax expense recognised in the statement of profit and loss	3,499	2,919

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
(b) Income tax recognised in other Comprehensive income		
Deferred tax related to items recognised in other comprehensive income during the year:		
Net loss / (gain) on measurement of defined benefit plan	(35)	(1)
Net loss / (gain) on measurement of exchange difference	248	287
Total	213	286
The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:		
Profit before tax	13,680	8,938
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	3,442	2,250
Effect of:		
Items that are non- deductible in determining taxable profit	53	37
Provision for tax relating to prior years	-	614
Others	4	18
Income tax expense recognised in the statement of profit and loss	3,499	2,919

The applicable Indian corporate statutory tax rate for the year ended March 31, 2022 and March 31, 2021 is 25.17% and 25.17% respectively.

The Company is also subject to tax on income attributable to its permanent establishments in foreign jurisdictions due to operation of its foreign branches.

15. Deferred Tax

Deferred Tax assets / (liabilities) as at March 31, 2022 in relation to:

₹ in Lakhs

	As at April 1, 2021	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	As at March 31, 2022
Property, Plant and Equipment	26	-	-	26
Allowances for Credit Losses	295	(140)	-	155
Disallowance u/s 40 (a)	707	1,013	-	1,720
Disallowance u/s 43 (B)	(33)	5	-	(28)
Right to use asset	32	3	-	35
Defined benefit plans	89	-	35	124
Fair value changes on derivatives designated as cash flow hedges	(361)	-	(248)	(609)
Others	(31)	127	-	96
Total	725	1,008	(213)	1,519

Deferred Tax assets / (liabilities) as at March 31, 2021 in relation to:

₹ in Lakhs

	As at April 1, 2020	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	As at March 31, 2021
Property, Plant and Equipment	29	(3)	-	26
Allowances for Credit Losses	71	224	-	295
Disallowance u/s 40 (a)	374	333	-	707
Disallowance u/s 43 (B)	(92)	59	-	(33)
Right to use asset	19	13	-	32
Defined benefit plans	88	-	1	89
Fair value changes on derivatives designated as cash flow hedges	(74)	-	(287)	(361)
Others	24	(55)	-	(31)
Total	439	571	(286)	725



16.1 Revenue

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Revenue from hardware/software products and licenses	406,118	305,739
Revenue from software services	575	822
Total	406,693	306,561

Performance obligations and remaining performance obligations:

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue. Applying the practical expedient as given in Ind AS 115, the Company has not disclosed the remaining performance obligation related disclosures for contracts where the revenue recognized corresponds directly with the value to the customer of the entity's performance completed to date, typically those contracts where invoicing is on time and material basis or delivery basis.

16.2 Other Income

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest		
from fixed deposits/margin money with banks	1,499	848
from unwinding of rent deposits discounted	2	3
Net gain on investments carried at fair value through profit and loss	239	132
Net gain on foreign currency transactions and translations	(132)	551
Other non-operating income		
Commission received	3	-
Miscellaneous income	40	15
Total	1,651	1,549

17. Employee benefit expense

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries including bonus	3,513	2,153
Contributions to provident and other funds	256	162
Share based payments to employees	56	59
Staff welfare expenses	25	11
	3,850	2,385
Deputation cost/Service charges from holding company (Refer note 30)	-	311
Total	3,850	2,696

18. Finance costs

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest expenses on:		
Inter corporate borrowings (Refer note 30)	30	-
Others	73	75
Lease rentals discounted (Refer note 31)	76	94
Other borrowing costs	190	243
Total	369	412

19. Other expenses

₹ in Lakhs

	For the year ended March 31, 2022	For the year ended March 31, 2021
Power and fuel	7	5
Rent (includes transactions with related parties - Refer note 30)	14	36
Repairs and maintenance - Machinery	3	2
Insurance	55	104
Rates and taxes	248	90
Communication cost	27	20
Facility maintenance	66	69
Travelling and conveyance expenses	28	10
Sales commission	322	254
Professional and technical fees	277	151
Software project fees from Holding company	-	1,285
Legal fees	8	61
Insourcing professional fees	26	4
Expenditure on Corporate Social Responsibility (Refer note 27)	170	148
Payments to auditors (Refer note below)	28	26
Impairment loss recognised on trade receivables and bad debts written off	(350)	919
Miscellaneous expenses	186	120
	1,115	3,304
Service charges from holding company (Refer note 30)	-	55
Total	1,115	3,359
Note -Payments to auditors comprises (net of input credit):		
Statutory audit	28	26
	28	26

20. Contingent Liabilities

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
a) Other claims against the Company not acknowledged as debt	230	65
b) Disputed demands of Income-tax	32,047	31,972

Details of disputed demands of Income-tax primarily relates to:

(i) Disallowance of Inter-Company service charges and costs for deputation of personnel.

Sonata Software Limited, the holding company charges the Company for certain support services rendered and for the cost of project personnel deputed. These support services and costs for deputation are being disallowed by the Income-tax department while computing taxable profits of the Company. The Company has challenged these disallowances and consequent demands at appellate levels and is confident of a favorable outcome.

Details of Demands and Forums where they are pending are:

- i. ₹ 4,402 (As at March 31, 2021 - ₹ 4,402) for the financial years 2001-02, 2003-04 to 2009-10. The Company has received favorable orders from the Income-tax Appellate Tribunal ("ITAT"). The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.
- ii. ₹ 522 (As at March 31, 2021 - ₹ 447) for the financial year 2002-03. The Income-tax department's appeal to the Honorable High Court of Mumbai was time barred and hence dismissed. The Income-tax department had preferred a Special Leave Petition on the said dismissal to the Honorable Supreme Court of India which had referred the petition back to the Honorable High Court of Mumbai to reconsider its decision. The Honorable High Court of Mumbai admitted the appeal.
- iii. ₹ 3,407 (As at March 31, 2021- ₹ 3,407) for financial years 2014-15, 2015-16 and 2016-17. The assessing officer has disallowed the intercompany service charges and cost for deputation of personnel. The Company has filed appeal before Commissioner of Income-tax (Appeals).



(ii) Disallowance of payments made for purchase of software on which Income-tax was not withheld.

Payment in the nature of Royalty on which Income-tax have not been deducted at source are subject to disallowance as an 'expense' as per Sections 40(a)(i) and 40(a)(ia) while computing taxable profits of the Company. The Income-tax department, holding payments for purchase of software as "Royalty" disallowed the expense while computing taxable profits of the Company

The Honorable High Court of Karnataka had given an unfavorable decision and held the payments for purchase of software as "Royalty". However, the said demands which are consequential and penal in nature do not arise automatically and there are multiple legal precedents in favor of the Company. Based on supreme court favorable order with respect to withholding tax demand, the Company is confident of a favorable outcome on these consequential demands.

Details of demands raised and the forum where these are pending are:

- i. ₹ 23,644 (As at March 31, 2021 - ₹ 23,644) of tax demand for the financial years 2001-02, 2002-2003, 2006-07 and 2007-08. The Company had received a favorable order from ITAT. The Income-tax department had preferred an appeal to the Honorable High Court of Mumbai.
 - ii. ₹ 72 (As at March 31, 2021 - ₹ 72) for the financial year 2014-15, 2015-16 and 2016-17. The assessing officer has disallowed payments made for purchase of software on non-deduction of tax. The company has preferred an appeal before CIT(A).
- c) In addition, the Company in the ordinary course of business receives various claims from its customers and other business partners. Based on review of such matters and the information available at this time, the Company does not anticipate that any of these will result in a settlement that will have a material impact on its financial statements.

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

₹ in Lakhs

	As at March 31, 2022	As at March 31, 2021
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

22. Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2022 and March 31, 2021 are as follows:

(₹ in Lakhs)

	Note No.	Carrying Value		Fair Value	
		As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial assets					
Amortised Cost					
Security Deposits	4 & 6.5	91	111	91	111
Trade receivable	6.2	65,522	45,418	65,522	45,418
Cash and cash equivalents	6.3	37,874	28,154	37,874	28,154
Bank balances other than Cash & cash equivalents	6.4	1,080	754	1,080	754
Other financial assets	4 & 6.5	2,864	2,281	2,864	2,281
FVTPL					
Investments in Mutual Funds (quoted)	6.1	6,205	2,036	6,205	2,036
Forward Contracts	6.5	2,070	1,574	2,070	1,574
Total Assets		115,706	80,328	115,706	80,328
Financial liabilities					
Amortised Cost					
Borrowings	11.1	474	2,475	474	2,475
Trade payables	11.2	87,547	51,029	87,547	51,029
Lease liabilities	10.1 & 11.3	526	864	526	864
Other financial liabilities	11.4	279	153	279	153
Total Liabilities		88,826	54,521	88,826	54,521

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

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

The following methods and assumptions were used to estimate the fair values:

1. The fair value of the quoted mutual funds are based on price quotations at reporting date. The fair value of other financial liabilities and other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates.
2. The Company enters into derivative financial instruments with Banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality of banks, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at March 31, 2022, the marked-to-market value of derivative asset positions is net of a credit valuation adjustment attributable to derivative bank default risk. The changes in bank credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and other financial instruments recognised at fair value.

Fair value hierarchy

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2022 and March 31, 2021.

Quantitative disclosures of fair value measurement hierarchy for financial assets is as under:

(₹ in Lakhs)

	Fair value		Fair value hierarchy	Valuation technique and Key inputs
	As at March 31, 2022	As at March 31, 2021		
Investments in Mutual Funds (quoted)	6,205	2,036	Level 1	Fair value is determined based on the Net asset value published by respective funds.
Foreign currency forward contracts	2,070	1,574	Level 2	The fair value of forward foreign contracts are determined using forward exchange rates at the reporting date.

There have been no transfers among Level 1 and Level 2 during the year.

Derivative financial instruments

The Company is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and forecasted cash flows denominated in foreign currency. The Company uses derivatives to hedge foreign currency assets/ liabilities and foreign currency forecasted cash flows. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as non-material.

For movement in cash flow hedge reserve gain or loss - Refer note 9

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Designated derivative instruments (Sell):		
In USD	655	504
In GBP	90	52

The foreign exchange forward and option contracts mature anywhere between 0-1 year. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:



(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Designated derivative instruments (Sell):		
Less than 3 months		
In USD	162	194
In GBP	-	52
More than 3 months		
In USD	493	310
In GBP	90	-

Average rate of coverage:

	As at March 31, 2022		As at March 31, 2021	
	₹ in Lakhs	Weighted Average Rate (₹)	₹ in Lakhs	Weighted Average Rate (₹)
USD	655	80.99	504	81.67
GBP	90	101.00	52	86.38

23. Financial risk management

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

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

Credit risk

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

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. The Company has taken an Insurance cover on trade receivables.

The following table gives details in respect of revenues generated from top customer and top 5 customers (excluding Inter Company):

(₹ in Lakhs)

	For the year ended	
	March 31, 2022	March 31, 2021
Revenue from top customer	82,206	55,976
Revenue from top 5 customers	207,808	150,137

Two customers accounted for more than 10% of the revenue for the year ended March 31, 2022 and two of the customers accounted for more than 10% of the receivables for the year ended March 31, 2022. Two customers accounted for more than 10% of the revenue for the year ended March 31, 2021 and two of the customers accounted for more than 10% of the receivables for the year ended March 31, 2021.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors.

Liquidity risk

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

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

The working capital position of the Company is given below:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Cash and cash equivalents	37,874	28,154
Investments in Mutual Funds (quoted)	6,205	2,036
Trade receivables	65,522	45,418
Other financial assets	2,997	1,904
Other current assets	1,272	2,098

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2022 and March 31, 2021:

(₹ in Lakhs)

	As at March 31, 2022		
	Less than 1 year	1-2 years	2 years & above
Borrowings	474	-	-
Trade payables	87,123	107	317
Lease liabilities	184	125	217
Other financial liabilities	279	-	-

(₹ in Lakhs)

	As at March 31, 2021		
	Less than 1 year	1-2 years	2 years & above
Borrowings	2,475	-	-
Trade payables	50,633	93	303
Lease liabilities	211	196	457
Other financial liabilities	153	-	-

Foreign currency risk

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

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

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

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

- a) an approximately ₹ 123 lakhs increase and decrease in the Company's net profit as at March 31, 2022;
- b) an approximately ₹ 440 lakhs increase and decrease in the Company's net profit as at March 31, 2021.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2022 and March 31, 2021.



(₹ in Lakhs)

Exposure currency	USD	GBP	EUR	Other Currencies*
As at March 31, 2022				
Assets				
Trade receivables	3,830	61	-	-
Cash and Cash equivalents	434	-	-	70
Liabilities				
Trade Payable	(956)	(43)	-	(37)
Net assets/liabilities	3,308	18	-	33
As at March 31, 2021				
Assets				
Trade receivables	3,485	15	-	-
Cash and Cash equivalents	628	-	-	20
Liabilities				
Trade Payable	(1,150)	(7)	(9)	-
Net assets/liabilities	2,963	8	(9)	20

* Others include currencies such as Singapore Dollar and Australian Dollar.

For the year ended March 31, 2022, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.01%/ (0.01)%. For the year ended March 31, 2021, the impact on operating margins would be 0.03%/ (0.03)%.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investments. The Company's investments are primarily short-term, which do not expose it to significant interest rate risk.

24. Capital management

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

The capital structure of the company consists of the following:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Total equity attributable to the equity share holders of the Company	29,632	26,836
As percentage of total capital	98%	92%
Current borrowings	474	2,475
Total Borrowings	474	2,475
As a percentage of total capital	2%	8%
Total capital (borrowings and equity)	30,106	29,311

25. Employee benefit plans

i) Defined contribution plans

a) Provident fund

Until the end of April 2021 the eligible employees of Sonata Software Limited received benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company made monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company has contributed a portion to the Sonata Software Provident Fund Trust (Trust). Trust invests in specific designated instruments as permitted by Indian law. The remaining portion is contributed to the government administered pension fund. The rate at which the annual interest is payable to the beneficiaries by the trust is being administered by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

During the year the Sonata Provident Fund Trust has surrendered the exemption granted and transferred the provident fund accumulation of employees to the Employees' Provident Fund Organisation (EPFO), Mumbai. Accordingly from May 2021 onwards the company remits the monthly contribution of provident fund to EPFO.

Provident fund contributions amounting to ₹ 117 lakhs (for the year ended March 31, 2021 ₹ 72 lakhs) has been charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 17 Employee benefits expense).

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

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 17 Employee benefits expense)	85	52
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in in Note 17 Employee benefits expense)	5	2

ii) Defined benefit plans - Gratuity

As per valuation

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

	As at March 31, 2022	As at March 31, 2021
Discount rate(s)	6.73%	6.26%
Expected rate(s) of salary increase	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality 2012-14	Indian Assured Lives Mortality 2006-08

Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(₹ in Lakhs)

	Year ended March 31, 2022	Year ended March 31, 2021
Service Cost:		
Current Service Cost	44	32
Net Interest Expense	5	-
Components of defined benefit costs recognised in profit and loss	49	32
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(2)	(41)
Actuarial (gains) / losses arising from changes in financial assumptions	(18)	12
Actuarial (gains) / losses arising from changes in demographic assumptions	-	15
Actuarial (gains) / losses arising from experience adjustments	157	17
Components of defined benefit costs recognised in other comprehensive income	137	3

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

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

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:		
Present value of funded defined benefit obligation	(714)	(406)
Fair value of plan assets	702	429
Net (liability) / Assets arising from defined benefit obligation	(12)	23



(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Movements in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	406	312
Current service cost	44	32
Interest cost	32	21
Remeasurement (gains)/losses:		
Actuarial (gains) / losses arising from changes in financial assumptions	(18)	12
Actuarial (gains) / losses arising from changes in demographic assumptions	-	15
Actuarial (gains) / losses arising from experience adjustments	157	17
Benefits paid	(9)	(4)
Liability Transferred In/ Acquisitions	103	-
Closing defined benefit obligation	715	405
Movements in the fair value of the plan assets are as follows:		
Opening fair value of plan assets	429	271
Interest income	27	19
Return on plan assets (excluding amounts included in net interest expense)	2	41
Contributions from the employer	151	103
Benefits paid	(9)	(4)
Liability Transferred In/ Acquisitions	103	-
Closing fair value of plan assets	702	429

The major categories of plan assets as a percentage of total plan are as follows:

	As at March 31, 2022	As at March 31, 2021
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	27.59%	28.53%
Defensive Fund	27.10%	33.48%
Balanced Fund	30.72%	37.99%
Movement SSL TO SITL	14.60%	-

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

(₹ in Lakhs)

	As at March 31, 2022		As at March 31, 2021	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	36	39	21	22
Future salary growth (1% movement)	39	36	23	21

The Company expects to contribute ₹ 69 lakhs to its defined benefit plans during the next fiscal year.

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

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

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

Experience adjustments

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Present value of defined benefit obligation	714	406	313	270	232
Fair value of plan assets	702	429	271	274	215
Surplus / (deficit)	(12)	23	(42)	4	(17)
Experience adjustments on plan liabilities - (gain)/losses	157	17	(31)	2	33
Experience adjustments on plan assets - (losses)/gain	2	41	(20)	1	(2)

Maturity profile of defined benefit obligation:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Within 1 year	79	45
1-2 years	74	42
2-3 years	72	40
3-4 years	69	39
4-5 years	76	36
5 years and Above	714	397

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

iii) Other Stock Based Compensation Arrangements

In the financial year 2017-18, Sonata Software Limited, holding company, had introduced an Stock Appreciation Rights Plan. Plan provides certain employees with the right to receive cash that is equal to the increase in the value of the Holding Company's share price from the date the right was granted and the right was exercised. They are not entitled to any shares or dividend.

During the year the company has not granted any options under the above mentioned plan.

The company has cancelled the existing Stock Appreciation Rights Plan (SAR) during the year and introduced the Bonus plan in lieu of SAR effective from June 30, 2021.

Details of the grant/issue as at March 31, 2022 are given below:

(₹ in Lakhs)

	For the year ended March 31, 2022				For the year ended March 31, 2021			
	As per plan 2(2018)	As per plan1 (2019)	As per plan2 (2019)	As per plan 3(2020)	As per plan 2(2018)	As per plan1 (2019)	As per plan2 (2019)	As per plan 3(2020)
Outstanding units as at the beginning of the year	45,000	9,000	4,000	12,000	45,000	9,000	4,000	-
Number of units granted under letter of intent during the year	-	-	-	-	-	-	-	12,000
Exercised units	-	2,500	-	-	-	-	-	-
Lapsed units	-	-	-	-	-	-	-	-
Forfeited units	-	-	-	-	-	-	-	-
Cancelled units	45,000	6,500	4,000	12,000	-	-	-	-
Outstanding units as at the end of the year*	-	-	-	-	45,000	9,000	4,000	12,000
Contractual life (in years)	3	1	1	1	3	1	1	1
Date of grant	Dec 18, 2018	Sep 30, 2018	Oct 1, 2019	Jan 1, 2021	Dec 18, 2018	Sep 30, 2018	Oct 1, 2019	Jan 1, 2021
Grant price per unit (₹)	315.30	200.00	224.00	251.00	315.30	200.00	224.00	251.00
Number of units exercisable at the end of the year*	-	-	-	-	30,000	9,000	4,000	-
Weighted average exercise price (₹)	335.66	200.00	224.00	251.00	335.66	200.00	224.00	251.00
Weighted average exercise price of options exercisable at the end of the year (₹)*	-	-	-	-	356.60	200.00	224.00	251.00

* The company had cancelled the existing Stock Appreciation Rights Plan (SAR) during the year and introduced the Bonus plan in lieu of SAR.



The weighted average fair value of each unit for the above mentioned stock appreciation rights plan has been calculated using the Black - Scholes pricing model with the following assumptions:

(₹ in Lakhs)

	For the year ended March 31, 2022				For the year ended March 31, 2021			
	As per plan 3(2020)	As per plan 2(2018)	As per plan1 (2019)	As per plan1 (2019)	As per plan 3(2020)	As per plan 2(2018)	As per plan1 (2019)	As per plan1 (2019)
Grant date	Jan 1, 2021	Dec 18, 2018	Sep 30, 2018	Oct 1, 2019	Jan 1, 2021	Dec 18, 2018	Sep 30, 2018	Oct 1, 2019
Exercise price (₹)	251.00	315.30-395.52	200.00	224.00	251.00	315.30-395.52	200.00	224.00
Dividend yield	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Expected life (in years)	1	3	1	1	1	3	1	1
Risk free interest rate	4.25%	3.86%-4.25%	3.86%	3.86%	4.25%	3.86%-4.25%	3.86%	3.86%
Volatility	40%	40%	40%	40%	40%	40%	40%	40%

During the year, the expense recognised for Stock appreciation rights is ₹ Nil and the related liability accounted is ₹ Nil.

26. Segment reporting

The Company is engaged in the business of hardware/software product and licenses including related services in India which constitutes a single business segment. The Company's operations outside India did not exceed the quantitative threshold for disclosure envisaged in Ind AS 108.

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

27. Corporate Social Responsibility

As per Section 135 of Companies Act, 2013 a company meeting the applicability threshold, needs to spend at least 2% of its average net profit of the immediately preceding three financial years on Corporate Social Responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Companies Act, 2013. The CSR initiatives are focused towards those programme directly or indirectly, benefit the community and society at large. The Company's CSR activities primarily focuses on programs that promote education, healthcare, sports, traditional arts & handicrafts and create sustainable environment.

- Gross amount required to be spent by the Company during the year is ₹ 166 lakhs (Previous Year is ₹ 143 lakhs)
- Amount spent during the year is ₹ 170 lakhs (Previous year is ₹ 148 lakhs)

(₹ in Lakhs)

	In Cash	Yet to be paid in Cash	Total
Construction / acquisition of any asset	-	-	-
On purposes other than above	170	-	170
Total	170	-	170

- Amount unspent is Nil (Previous year is Nil)

28. Earnings Per Share

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

	Year ended March 31, 2022	Year ended March 31, 2021
Total number of equity shares outstanding	3,375,394	3,375,394
Weighted average number of equity shares for calculation of earning per share	3,375,394	3,375,394

29. Distributions made and proposed

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2022 and year ended March 31, 2021 was ₹ 237.01 and ₹ 158.13 respectively.

The Board of Directors at their meeting held on 18th October, 2021 had declared an interim dividend of 888.8 % (₹ 88.88 per equity share of par value of ₹ 10 each). The Board of Directors at their meeting held on April 28, 2022 had declared final dividend of 1691.21 % (₹ 169.12 per equity share of par value of ₹ 10 each) which is subject to approval of shareholders.

The Board of Directors at their meeting held on November 06, 2020 had declared an interim dividend of 100% (₹ 10 per equity share of par value of ₹ 10 each). The Board of Directors at their meeting held on May 11, 2021 had declared final dividend of 1481.3 % (₹ 148.13 per equity share of par value of ₹ 10 each) which is approved by shareholders.

30. Related party disclosure

i) Details of related parties :

Description of relationship	Names of related parties
(a) Holding Company	Sonata Software Limited
(b) Fellow Subsidiary	Sonata Software Solutions Limited Sonata Software North America Inc. Sonata Europe Limited
(c) Key Management Personnel (KMP)	Mr. P Srikar Reddy, Director Mr. Sujit Mohanty, Managing Director & CEO Ms. Radhika Rajan, Director

ii) Transactions with related parties :

₹ in Lakhs

	Holding Company		Fellow Subsidiary		KMP	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Revenue from Software products and licenses	9,275	5,028	2	2		
Software project fees	-	1,295	-	-		
Service charges	-	366	-	-		
Rent paid	78	72	-	-		
Inter corporate borrowings taken	6,060	100	-	-		
Inter corporate borrowings repaid	6,060	100	-	-		
Interest on inter corporate borrowings	30	-	-	-		
Dividend paid	8,000	338	-	-		
Commission on corporate guarantees	58	58	-	-		
Reimbursement of expenses paid	10	75	-	-		
Compensation of key management personnel of the Company						
Short-term employee benefits*					153	93
Others					2	2
Balances outstanding at the end of the year						
Interest accrued on inter corporate borrowings	3	3	-	-		
Trade Receivables	1,262	697	1	2		
Trade payables	-	380				
Reimbursement of expenses payable	126	89	145	7		
Reimbursement of expenses receivable	43	-	-	-		
Corporate guarantees taken	30,816	11,467	-	-		
Payable to key management personnel of the Company						
Short-term employee benefits*					82	37

* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

31. Leases

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 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.

The aggregate amortization expense of ₹ 164 lakhs (Previous year is ₹ 170 lakhs) on ROU assets is included under depreciation and amortization expense in the statement of Profit and Loss.





Following are the changes in the carrying value of right of use assets:

(₹ in Lakhs)

	Category of ROU Asset
	Buildings
Balance as at April 1, 2021	747
Additions	-
Deletion	(165)
Amortization	(164)
Balance as at March 31, 2022	418
Balance as at April 1, 2020	917
Additions	-
Deletion	-
Amortization	(170)
Balance as at March 31, 2021	747

Rental expense recorded for short-term leases was ₹ 14 lakhs (March 31,2021 ₹ 36 lakhs) for the year ended March 31,2022.

The following is the movement in lease liabilities:

(₹ in Lakhs)

	For the year ended March 31, 2022	For the year ended March 31, 2021
Balance at the beginning	864	984
Additions	-	-
Finance cost accrued during the year	76	94
Deletions	(165)	-
Payment of lease liabilities	(250)	(214)
Balance at the end of the year	526	864

The following is the break-up of lease liabilities based on their maturities:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Current lease liabilities	184	211
Non-current lease liabilities	342	653
Total	526	864

Contractual maturities of lease liabilities

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2022 on an undiscounted basis:

(₹ in Lakhs)

	As at March 31, 2022	As at March 31, 2021
Not later than one year	194	223
Later than one year and not later than 5 years	359	649
Later than 5 years	151	338
Total	704	1,210

- 32.** No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities.

No funds have been received by the Company from any person or entity, including foreign entity (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

33. The table below provides financial ratios:

Ratio/Measure	Methodology	For the year ended March 31, 2022	For the year ended March 31, 2021
Current ratio	Current assets over current liabilities	1.22	1.34
Debt-equity ratio ¹	Debt over total shareholders equity	0.03	0.12
Debt service coverage ratio ²	EBITDA over current debt	10.40	2.55
Return on equity ratio ³	PAT over total average equity	0.36	0.26
Trade receivable turnover ratio	Revenue from operations over trade receivables	6.21	6.75
Trade payable turnover ratio	Adjusted expenses over trade payables	4.51	5.86
Net capital turnover ratio ⁴	Revenue from operations over working capital	18.68	13.31
Net profit ratio ⁵	Net profit over revenue	0.03	0.02
Return on capital employed ⁶	EBIT over capital employed	0.48	0.38
Return on investment	Interest income, net gain on sale of investments and net fair value gain & dividend income over weighted average investments.	0.05	0.04

Notes:

EBITDA - Earnings before interest, taxes, depreciation and amortisation

PAT - Profit after taxes

EBIT - Earnings before interest and taxes.

Debt includes current and non-current lease liabilities.

Adjusted expenses derived from total expenses excluding depreciation and finance cost.

working capital derived from current assets in excess of current liabilities excluding borrowings & lease liabilities.

Explanation for variances exceeding 25%:

¹Debt equity ratio is improved due to repayment of borrowings during the financial year 2021-22

²Debt service coverage ratio improved on account of increase in EBIT and repayment of borrowings during the year ended March 31, 2022

³Return of equity ratio improved on account of increase in EBIT for the year ended March 31, 2022

⁴Net capital turnover ratio is improved on account of increase in revenue for the year ended March 31, 2022

⁵Net profit ratio improved on account of increase in EBIT for the year ended March 31, 2022

⁶Return on capital employed ratio improved on account of increase in EBIT for the year ended March 31, 2022

As per our report of even date attached**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh

Partner

(Membership No. 110128)

Bengaluru

Place : Bengaluru

Date : April 28, 2022

For and on behalf of the Board of Directors

P Srikar Reddy

Chairman

Sujit Mohanty

Managing Director & CEO

Naresh Kumar Katla

Company Secretary





SONATA SOFTWARE LIMITED

(CIN : L72200MH1994PLC082110)

Registered Office: 208, T V Industrial Estate, 2nd floor S. K. Ahire Marg, Worli, Mumbai – 400 030

Corporate Office: 1/4, APS Trust Building, Bull Temple Road, N.R.Colony, Bengaluru – 560 004

Tel: 91-80-6778 1999, Fax: 91-80-2661 0972, E-mail: info@sonata-software.com, Website: www.sonata-software.com

NOTICE OF THE TWENTY SEVENTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty-Seventh Annual General Meeting (AGM) of the Members of **SONATA SOFTWARE LIMITED** will be held on Friday, 24th June 2022 at 4.00 PM (IST) through video conference ("VC") / other audio visual means ("OAVM") to transact the following business :

ORDINARY BUSINESS

1. Adoption of Financial Statements for the Financial Year ended 31st March, 2022

To receive, consider, approve and adopt the following:

- the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2022 together with the Reports of the Directors and Auditors thereon; and
- the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2022 together with the report of the Auditors thereon.

2. Declaration of dividend

To declare Final Dividend of ₹ 13 (Rupees Thirteen only) per equity share (on an equity share of par value of ₹ 1/- each) for the Financial Year ended March 31, 2022; and to confirm Interim Dividend of ₹ 8 (Rupees eight only) per equity share, already paid, for the Financial Year ended March 31, 2022.

3. Appointment of Mr. Shyam Bhupatirai Ghia as a Director liable to retire by rotation

To appoint a Director in place of Mr. Shyam Bhupatirai Ghia (DIN: 00005264), who retires by rotation and being eligible, offers himself for re-appointment.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Shyam Bhupatirai Ghia (DIN: 00005264), who retires by rotation, be and is hereby re-appointed as a Director liable to retire by rotation."

4. Appointment of Statutory Auditors of the Company.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 139 and 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof, for the time being in force), pursuant to the recommendation of the Audit Committee of the Board and that of the Board of Directors, M/s B S R & Co. LLP, Chartered

Accountants, Bengaluru, (Firm Registration No. 101248W/W-100022) be and are hereby appointed as Statutory Auditors of the Company, to hold office for a period of five (5) years from the conclusion of Twenty Seventh (27th) Annual General Meeting until the conclusion of the Thirty Second (32nd) Annual General Meeting of the Company to be held in the calendar year 2027 and that the Board of Directors be and are hereby authorised to fix the remuneration from time to time as may be recommended by the Audit Committee in consultation with the Auditors."

SPECIAL BUSINESS

5. To approve the continuation of Mr. Shyam Bhupatirai Ghia as a Non-Executive Non-Independent Director after attaining Age of 75 years.

To consider and if thought fit, to pass the following resolution as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and other applicable provisions, if any, consent of the Company be and is hereby accorded to Mr. Shyam Bhupatirai Ghia (DIN: 00005264) to continue to hold office as a Non-Executive Non-Independent Director of the Company, liable to retire by rotation, notwithstanding that on November 22, 2022 he attains the age of 75 years."

6. Appointment of Mr. Samir Dhir (DIN: 03021413) as a Director of the Company.

To consider, and, if thought fit, to pass, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013 ("the Act"), and the rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) and the Articles of Association of the Company, and permitted under applicable rules and regulations, Mr. Samir Dhir (DIN: 03021413), Chief Executive Officer of the Company, who was appointed as an Additional Director and as a "Whole-Time" Director and Chief Executive Officer of the Company by the Board of Directors ("the Board") with effect from May 9, 2022, *inter-alia*, in terms of Section 161 of the Act and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act, signifying the intention of the member to propose him as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.



RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, matters, deeds and things are usual, ordinary, expedient and necessary to implement the aforesaid resolution."

7. Appointment of Mr. Samir Dhir (DIN: 03021413) as a Whole-time Director of the Company.

To consider, and, if thought fit, to pass, the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors ("the Board") at its meeting held on April 29, 2022 and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ("the Rules") read with Schedule V of the Act (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and the Articles of Association of the Company and subject to the approval of the Central Government and all other applicable regulatory approvals, as may be required, the approval and/or consent of the members be and is hereby accorded for appointment of Mr. Samir Dhir (DIN: 03021413) as a Whole-time Director and Chief Executive Officer of the Company to hold office for a period of 4 years with effect from May 9, 2022 to May 8, 2026 and the payment of salary, fixed compensation, commission/profit share, annual performance pay, incentives and perquisites (hereinafter referred to as "remuneration"), shall be upon the terms and conditions including remuneration as set out in the agreement entered into and material terms of which are set out in the Explanatory Statement attached hereto and the Board of the Company be and is hereby authorised to alter and vary the terms and conditions of the said appointment and remuneration and / or agreement anytime and from time to time in such manner

Note:

- In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circulars dated December 14, 2021 read with circulars dated April 8, 2020 and April 13, 2020 and May 5, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India ("SEBI") vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020, circular no. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (collectively referred to as "SEBI Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The registered office of the Company shall be the deemed venue for the AGM.
- Since this AGM is being held pursuant to the MCA Circulars and SEBI Circular through VC / OAVM, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed hereto.
- In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 13, 2022, January 15, 2021 read with May 12, 2020, Notice of the AGM along with the Annual Report 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the Notice and Annual Report 2021-22 will also be available on the Company's website at www.sonata-software.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of NSDL <https://www.evoting.nsdl.com>. The Company has also published an advertisement in newspaper containing the details about the AGM i.e. the conduct of the AGM through VC/OAVM, date and time of the AGM, availability of the notice of AGM at the Company's website, manner of registering the email ID's of those shareholders who have not registered their email addresses with the Company / RTA and other matters as may be required.
- The Company has engaged the services of NSDL, as authorised agency for conducting the AGM through VC/OAVM and for providing e-voting facility.

on such terms and conditions as may be agreed in the best interests of the Company and as may be permissible at law.

RESOLVED FURTHER THAT the said remuneration shall be subject to increments, as approved by the Board and/or Nomination and Remuneration Committee, from time to time, in accordance with the provisions of the Act.

RESOLVED FURTHER THAT the remuneration payable to Mr. Samir Dhir (DIN: 03021413), shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 and Schedule V of the Companies Act, 2013 or such matter other limits as may be prescribed from time to time and/or such approvals as may be granted by the Central Government.

RESOLVED FURTHER THAT the Board of Directors of the Company (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) be and is hereby authorised to do all such acts, matters, deeds and things and execute all such documents, instruments and writings as may be required and to take all such steps as may be necessary, proper and expedient to give effect to this Resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers to any officer(s) / authorized representative(s) of the Company to do all such acts, matters, deeds, and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

By Order of the Board of Directors
For **SONATA SOFTWARE LIMITED**

Mangal Krishnarao Kulkarni
Company Secretary
ACS: 11861

Place: Bengaluru
Date: April 29, 2022



5. Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

6. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC /OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to mvbhatcs@gmail.com with a copy marked to evoting@nsdl.co.in.

Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

7. The Company has fixed Thursday, June 16, 2022 as the 'Record Date' and the Register of Members of the Company will be closed from June 17, 2022 to June 23, 2022 (both dates inclusive), for determining entitlement of members to final dividend for the financial year ended March 31, 2022, if approved at the AGM.

8. The final dividend on equity shares as recommended by the Board of Directors for the year ended 31st March 2022, if approved, at the Annual General Meeting, will be payable:

a. to those members holding shares in physical form, whose names appear on the Register of Members on June 16, 2022, after giving effect to all valid transfers in physical form lodged with the Company and/or its Registrar and Share Transfer Agent on or before June 16, 2022; and

b. in respect of shares held in electronic form, on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose on June 16, 2022.

9. Pursuant to Finance Act 2020, dividend income is taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, please refer to the Finance Act, 2020 and the amendments thereof. The shareholders are requested to update their PAN with the DP (if shares held in electronic form) and Company / KFin Technologies Limited ("KFin") (if shares held in physical form).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G / 15H, to avail the benefit of non-deduction of tax at source by e-mail to einward.ris@kfintech.com on or before June 13, 2022. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20%.

Non-resident shareholders [including Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors(FPIs)] can avail

beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. For this purpose the shareholder may submit the above documents (PDF / JPG Format) by e-mail to einward.ris@kfintech.com. The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on June 13, 2022.

For further details and formats of declaration, please refer to FAQs on Taxation of Dividend Distribution available on the Company's website at <https://www.sonata-software.com/about-us/investor-relations>.

10. Since SEBI has made it mandatory for distributing dividends through Electronic Clearing Service (ECS), the Company has used the bank account details furnished by the Depositories for distributing dividends to shareholders holding shares in electronic form. Members are requested to notify any change in their Bank account details to their Depository Participant immediately.

11. Members who have not yet registered their e-mail addresses are requested to register the same with their Depository Participants ("DP") in case the shares are held by them in electronic form and with KFin in case the shares are held by them in physical form.

12. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc.

a. For shares held in electronic form: to their Depository Participants (DPs).

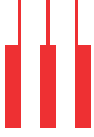
b. For shares held in physical form: to the Company/ Registrar and Transfer Agent in prescribed Form ISR-1 and other forms pursuant to SEBI Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2021/655 dated November 3, 2021. The Company has sent letters for furnishing the required details. Members may also refer to Frequently Asked Questions ("FAQs") on Company's website <https://www.sonata-software.com/about-us/investor-relations>.

13. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate(s); claim from unclaimed suspense account; renewal/ exchange of securities certificate(s); endorsement; sub-division/splitting of securities certificate(s); consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company's website at <https://www.sonata-software.com/about-us/investor-relations> and on the website of the

Company's Registrar and Transfer Agents, KFin at <https://ris.kfintech.com/default.aspx>. It may be noted that any service request can be processed only after the folio is KYC Compliant.

14. SEBI vide its notification dated January 24, 2022 has mandated that all requests for transfer of securities including transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or KFin, for assistance in this regard.
15. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or KFin, the details of such folios together with the share certificates along with the requisite KYC Documents for consolidating their holdings in one folio. Requests for consolidation of share certificates shall be processed in dematerialized form.
16. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a Member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website <https://www.sonata-software.com/about-us/investor-relations>. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to KFin in case the shares are held in physical form.
17. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and certificate from the Secretarial Auditor of the Company confirming the compliance of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and any amendments thereto with regard to the Company's Employees Stock Option Scheme Plan will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 24th June, 2022. Members seeking to inspect such documents can send an email to investor@sonata-software.com.
18. Members holding shares in physical form are requested to forward all applications for shares related correspondence, (including intimation for change in address) to the Company's share transfer agent KFin Technologies Limited Unit Sonata Software Ltd, Karvy Selenium Tower B, Plot No.31- 32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500032. Ph:+91 40-67161591. Members holding shares in electronic form are requested to notify change in their address to their Depository Participant.
19. As mandated by SEBI, effective from April 1, 2019, securities of listed companies shall be transferred only in dematerialised form. To ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialize their shares at the earliest.
20. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participant (s). Members holding shares in physical form are requested to submit their PAN details to the Company's share transfer agent KFin Technologies Limited, Unit : Sonata Software Ltd, Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032. Ph: 1-800-309-4001.
21. Members desiring to claim dividends, which remain unclaimed, are requested to correspond with the Company's Share Transfer Agents for further particulars. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years shall be transferred to the IEPF as per Section 124 of the Act, read with applicable IEPF rules.
22. Members may note that unclaimed Interim Dividend and Second Interim Dividend for the Financial Year ended 2016 shall become due for transfer to IEPF on 5th December, 2022 and 8th April, 2023 respectively. Further, if the shares pertaining to these dividends, the dividend has not been claimed for last seven years, the shares would also be transferred to IEPF. In the event of transfer of shares and the unclaimed dividends to IEPF, Members are entitled to claim the same from the IEPF authority by submitting an online application in the prescribed Form IEPF-5 available on the website <http://www.iepf.gov.in/> and sending a physical copy of the same duly signed to the Company along with the requisite documents enumerated in Form IEPF-5. Members can file only one consolidated claim in a financial year as per the IEPF Rules.
23. To avail the facility of nomination, Members holding shares in physical form may write to the Company for obtaining the Nomination Form (Form SH-13) The form can be downloaded from the Company's website at <https://www.sonata-software.com/sites/default/files/financial-reports/2021-07/form-sh-13.pdf> Members holding shares in electronic form, may fill the nomination form with the respective Depository Participant.
24. Since the AGM will be held through VC/OAVM, the route map is not annexed to this Notice.
25. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again at the AGM. The detailed instructions for attending the AGM through VC/OAVM and availing e-voting facility are provided in Annexure II.





26. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote during the AGM.
27. M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Bangalore, (Firm Registration No. 117366W/W-100018) has completed their two terms of five consecutive years each as

Statutory Auditors. Pursuant to recommendation of Audit Committee, the Board of Directors has recommended the appointment of M/s B S R & Co. LLP, Chartered Accountants, Bengaluru, (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company for a period of five (5) years, commencing from the conclusion of 27th AGM till the conclusion of the 32nd AGM, subject to approval of Shareholders/ members at this AGM

ANNEXURE I TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4: Ordinary Resolution

M/s Deloitte Haskins & Sells LLP, Chartered Accountants, Bangalore, (Firm Registration No. 117366W/W-100018) has completed their two terms of five consecutive years each as Statutory Auditors. Pursuant to recommendation of Audit Committee, the Board of Directors has recommended the appointment of M/s B S R & Co. LLP, Chartered Accountants, Bengaluru, (Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company for a period of five (5) years, commencing from the conclusion of 27th AGM till the conclusion of the 32nd AGM, subject to approval of Shareholders/ members at this AGM.

M/s. B S R & Co. LLP, Chartered Accountants, have consented to the said appointment and confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as Statutory Auditors in terms of the provisions of the to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014 and the Chartered Accountants Act, 1949 and applicable Rules thereunder.

The details required to be disclosed under provisions of Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, are as under:

- A. Proposed fees payable to the statutory auditor(s):
The Proposed fee for the 1st year is INR 93 lakhs plus applicable taxes and reimbursement of travelling and other out-of-pocket expenses actually incurred by them in connection with the audit of accounts of the Company. Further, the Board of Directors has been authorised to decide the remuneration as may be mutually agreed between the Board of Directors and Statutory Auditors for the term.
- B. Terms of appointment: Appointment as Statutory Auditors of the Company from conclusion of 27th AGM up to conclusion of 32nd AGM to carry out Audit of the Financial Statements and Annual Financial Results of the Company and Limited Review of the Unaudited Quarterly Financial Results of the Company. All other terms of appointment shall be as per Letter of Engagement.
- C. Basis of recommendation for appointment: The Board of Directors and Audit Committee have considered various evaluation criteria with respect to partners & the team experience, Willingness to work with sonata, conflict resolution, etc., and recommend their appointment to the Shareholders/ Members of the Company.
- D. Credentials of the Statutory Auditors proposed to be appointed: M/s. B S R & Co. ('the firm') was constituted on 27 March 1990 as a partnership firm having firm registration no. as 101248W. It and was converted into limited liability partnership i.e., B S R & Co. LLP on 14 October 2013 thereby having a new firm registration no. 101248W/ W-100022. The registered office of the firm is at 14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Centre, Western Express Highway, Goregaon (East), Mumbai - 400063.

M/s. B S R & Co. LLP is a member entity of B S R & Affiliates, a network registered with the Institute of Chartered Accountants of India. B S R & Co. LLP is registered in Mumbai, Gurgaon, Bangalore, Kolkata, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur and Kochi. M/s. B S R & Co. LLP has over 3000 staff and 100+ Partners. M/s. B S R & Co. LLP audits various companies listed on stock exchanges in India including Companies in the technology sector.

M/s. B S R & Co. LLP, have provided confirmation that they have subjected themselves to peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the 'Peer Review Board of ICAI'. The Company has received their eligibility and willingness for their proposed appointment for the period from conclusion of the 27th AGM upto the conclusion of 32nd AGM of the Company.

None of the Directors/Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise in the resolution set out at item No. 4 of the notice.

The Board recommends the resolution set forth in item No. 4 of the notice for approval of the members.

Item No. 5: Special Resolution

Mr. Shyam Bhupatirai Ghia (DIN: 00005264) ['S.B. Ghia'] a Non-executive Non-Independent Director, who is liable to retire by rotation at the 27th Annual General Meeting ('AGM') to be held on 24th June 2022, has offered himself for reappointment.

Pursuant to the provisions of Regulation 17 (1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed thereunder, Director who has attained age of 75 years shall require shareholders' approval through special resolution.

As Mr. S.B. Ghia would be attaining the age of 75 years on November 22, 2022, in view of the above Regulation for the continuation of Mr. S.B. Ghia as a Non-Executive Non-Independent Director beyond November 22, 2022, consent of the Members would be required by way of a Special Resolution. It is in the interest of the Company to continue to avail his valuable expertise.

The Nomination and Remuneration Committee and the Board of Directors have approved and recommended the re-appointment of Mr. S.B. Ghia and his continuation as Non-Executive Non-Independent Director after attaining the age of 75 years for Shareholder's approval.

Accordingly, accompanying Notice at item Nos. 3 & 5, contains a proposal for re-appointment of Mr. S.B. Ghia and his continuation as Non-Executive Non-Independent Director after attaining the age of 75 years. Your Board of Directors recommend the resolutions set out at Item Nos. 3 & 5 of the accompanying Notice for the approval of members.

Mr. S.B. Ghia is not related to any other Directors of the Company or/ and their relatives, are concerned or interested, financially or otherwise, in the above resolution.

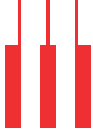
In terms of Regulation 36 of the SEBI Listing Regulations is given at Annexure A to this notice. A brief profile of Mr. S B Ghia seeking re-appointment as set out in item 3 & 5 in the Notice is as follows:

Mr. S B Ghia (DIN: 00005264) is a Non-executive Director of the Company appointed on 26th May, 1997. He holds a Bachelor's Degree in Science (Chemistry) and MBA from Bowling Green University, USA. He is an industrialist with interest in a variety of fields including Chemicals, Fibres & Pet recycling and Preform, Polymers and Software.

Item Nos. 6 & 7 : Ordinary Resolutions

The members may note that as part of succession planning, the Board of Directors (the "Board") upon recommendation by Nomination and Remuneration Committee has appointed Mr. Samir Dhir as Chief Executive Officer ("CEO") of the Company with effect from 8th April 2022.





Subsequent to the aforesaid appointment, pursuant to recommendation of Nomination and Remuneration Committee, Mr. Samir Dhir has been appointed as the Whole-Time Director & Chief Executive Officer of the Company by the Board, liable to retire by rotation, subject to the approval of shareholders and approval of the Central Government and all other applicable regulatory approvals, for a period of 4 years with effect from May 9, 2022 on the terms and conditions as recommended by Nomination and Remuneration Committee and approved by the Board at its meeting held on April 29, 2022 and details as set out in the Agreement entered into between the Company and Whole-Time Director (the "Agreement").

Mr. Samir Dhir holds a Bachelor of Technology from Roorkee, Uttarakhand and Master of Business Administration from Warwick Business School, UK. His shareholding in the Company is Nil.

The material terms and conditions including remuneration (as stipulated in the agreement) are abstracted below:

• **Fixed Compensation:**

USD 600,000 (USD six hundred thousand only) (Cost to Company) per annum as per Company's normal payroll practices, subject to the usual, required withholdings and it will be reviewed for revision on an annual basis based on performance including but not limited to achievement of target as may be decided by the Nomination and Remuneration Committee and approved by the Board of the Company.

• **Additional Compensation**

- **Profit Share:** Entitled to profit share of the Company, which shall for the purpose of computation be calculated as 0.5% of the net profits (profit before tax) of the International Services Business of the Company.
- **Annual Performance Bonus:** Eligible to receive USD 400,000 (USD four hundred thousand only) per annum on achievement of such parameters as set by the Managing Director and the Board less applicable withholdings and will be eligible to receive higher annual performance bonus at the discretion of the Board on over achievement of defined performance parameters in particular financial year.
- The Whole time Director and Chief Executive Officer will be eligible to receive Long Term Incentives less applicable withholdings, on achievement of agreed parameters and in the manner as may be determined by the Managing Director and the Board from time to time.
- **Stock Options:** He is entitled for 400,000 stock options under Employee Stock Option Plan, 2013 of the Company from the date of joining as CEO w.e.f. April 8, 2022 at an

exercise price per option as per closing price on NSE on April 7, 2022. Vesting Period will be over a period of 4 years in equal proportions which will be accelerated as per the employment terms upon fulfillment of conditions prescribed and upon achievement of set parameters.

- **Other perquisites and benefits:** As per the Company Policy.

This Explanatory Statement may also be read and treated as disclosure in compliance with the requirements of Secretarial Standard-2 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Agreement between the Company and Mr. Samir Dhir (DIN: 03021413) is available for inspection by the members of the Company as per the instructions mentioned in paragraph No. 17 of the Notes.

The Company has received consent, intimation(s), disclosure(s) as required under the Act, and Rules made thereunder from Mr. Samir Dhir, for considering his appointment. Mr. Samir Dhir satisfies the conditions as set out in Sections 196, 197 and Schedule V to the Act, for being eligible for appointment, except that of being a resident Indian. In terms of the requirements of the Act, since Mr. Samir Dhir is not a resident in India, approval of the Central Government is mandated for his appointment as Whole-time Director of the Company. Upon receiving member's approval, the Company shall make an application to the Central Government seeking approval for appointment of Mr. Samir Dhir as the Whole-time Director and Chief Executive Officer of the Company and payment of remuneration in relation thereto.

The Board of Directors recommend the ordinary resolutions in relation to the appointment of Whole-Time Director & Chief Executive Officer, for the approval of the members of the Company.

Except Mr. Samir Dhir, none of the Directors and Key Managerial Personnel of the Company and/or their relatives, are directly or indirectly concerned or interested, financially or otherwise, in the above resolution.

The disclosures as required in terms of Regulation 36 of the SEBI Listing Regulations are provided at Annexure A to this Notice and a brief profile of Mr. Samir Dhir, as set out in items 6 & 7 in the Notice is as follows:

Mr. Samir Dhir holds a Bachelor of Technology from Roorkee, Uttarakhand and Master of Business Administration from Warwick Business School, UK. He has more than 25 years of leadership and Industry experience. In his last role, he served as CEO of Global Markets and Industries at Virtusa, where he managed the Company's revenues of over US \$1.6 Billion. As part of the role, he built depth in Banking, Financial Services, & Insurance sector, Technology, Media & Telecom, and Healthcare industry for digital capabilities.

Annexure A

**Details of Directors seeking appointment/re-appointment at the 27th Annual General Meeting to be held on June 24, 2022
[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]**

Name of the Director	Mr. Shyam Bhupatirai Ghia (DIN: 00005264)	Mr. Samir Dhir (DIN: 03021413)
Age	74 years	51 years
Date of appointment	26th May, 1997	<ul style="list-style-type: none"> • As a CEO w.e.f 8th April 2022 • As a Whole-Time Director w.e.f 9th May 2022
Relationship with Directors and Key Managerial Personnel	None	None
Expertise in specific functional areas	<ul style="list-style-type: none"> • General Management of Corporate Affairs, Corporate Governance. • General Information Technology and related fields; General IT Knowledge. • Law, Taxation, Finance, Foreign Exchange related. • Behavioural science. • Strategy Management. • Leadership abilities. 	<ul style="list-style-type: none"> • Banking, Financial Services, and Insurance sector, Technology, Media and Telecom Healthcare industry for digital capabilities. • Client and Employee delight; P&L Leadership. Player-coach.
Qualification(s)	Bachelor of Science and Master of Business Administration	Bachelor of Technology from Roorkee, Uttarakhand and Master of Business Administration from Warwick Business School, UK.
Board of Directors of Membership of other listed companies as on March 31, 2022	2	Nil
Chairmanships/ Memberships of the Committees of the Board along with listed entities from which the person has resigned in the past three years		
a) Audit Committee	Sonata Software Limited Futura Polyesters Ltd Alkyl Amines Ltd – Chairman Innovassynth Investments Ltd*	Nil
b) Stakeholders' Committee	Sonata Software Limited Futura Polyesters Ltd Alkyl Amines Ltd Innovassynth Investments Ltd*	Nil
c) Nomination and Remuneration Committee	Futura Polyesters Ltd Alkyl Amines Ltd - Chairman	Nil
d) CSR Committee	Sonata Software Limited - Chairman	Nil
e) Other Committee(s)	Nil	Nil
f) Shareholding of directors in the listed entity, including shareholding as a beneficial owner.	5000	Nil

* Ceased w.e.f. 10th September, 2019





ANNEXURE II TO THE NOTICE

A. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

- i. Members will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned below for Access to NSDL e-Voting system. After successful login, you can see link of "VC/OAVM link" placed under "Join meeting" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
- ii. Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first serve basis.
- iii. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 1800 1020 990 /1800 224 430 or contact Mr. Amit Vishal, Asst. Vice President – NSDL or Ms. Megha Malviya, Assistant Manager- NSDL.
- iv. Members are encouraged to join the Meeting through Laptops for better experience.
- v. Further Members will be required to allow camera and use Internet with a good speed to avoid any disturbance during the meeting.
- vi. Please note that participants connecting from mobile devices or tablets or through Laptop via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- vii. Members who would like to ask questions during the AGM may register themselves as speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number before 17th June, 2022 at investor@sonata-software.com. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending upon the availability of the time for the AGM.
- viii. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first serve basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first serve basis.
- ix. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at <https://www.sonata-software.com>. The Notice can also be accessed from the websites of the Stock Exchanges i.e.

BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. www.evoting.nsdl.com.

Instructions for Members for e-Voting during the AGM:

- i. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned below for remote e-voting.
- ii. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
- iii. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
- iv. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

B. INSTRUCTIONS FOR E-VOTING

- i. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020, May 05, 2020, January 13, 2021 and December 14, 2021 and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and in terms of SEBI vide circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 in relation to e-Voting Facility. The Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners (in case of electronic shareholding) maintained by the Depositories as on the cut-off date i.e. June 16, 2022 only shall be entitled to avail the facility of remote e-voting/e-voting at the AGM. NSDL will be facilitating remote e-voting to enable the Members to cast their votes electronically. Members can cast their vote online from 09.00 a.m. (IST) on Tuesday, June 21, 2022 upto 5.00 p.m. (IST) on Thursday, June 23, 2022. At the end of remote e-voting period, the facility shall forthwith be blocked.
- ii. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
- iii. The Members present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote e-voting, and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the AGM.
- iv. The Company has appointed Mr. M V Bhat, Practising Company Secretary (COP: 19221) as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
- v. Any person holding shares in physical form and non-individual shareholders who acquires shares of the Company and becomes a Member of the Company after sending of the

Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request. However, if he/she is already registered with NSDL for remote e-voting then he/she can use his/her existing User ID and password for casting the vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on www.evoting.nsdl.com or call on toll free no. 1800 1020 990 and 1800 22 44 30. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending the Notice and holding shares as of the cut-off date i.e. June 16, 2022 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".


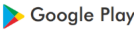


- vi. The details of the process and manner for remote e-voting are explained herein below:
 Step 1: Log-in to NSDL e-voting system at www.evoting.nsdl.com
 Step 2: Cast your vote electronically on NSDL e-voting system.

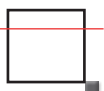
Details on Step 1 are mentioned below:

- i. Login method for remote e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.

Pursuant to SEBI circular no. SEBI/HO/ CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on "e-Voting facility provided by Listed Companies", e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process. Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process.

Shareholders are advised to update their mobile number and e-mail ID with their DPs in order to access e-Voting facility.

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p>A. NSDL IDeAS facility</p> <p>If you are already registered, follow the below steps:</p> <ol style="list-style-type: none"> 1. Visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. 2. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under "IDeAS" section. 3. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. 4. Click on "Access to e-Voting" appearing on the left hand side under e-Voting services and you will be able to see e-Voting page. 5. Click on options available against company name or e-Voting service provider - NSDL and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting and e-Voting during the meeting. <p>If you are not registered, follow the below steps:</p> <ol style="list-style-type: none"> 1. Option to register is available at https://eservices.nsdl.com. 2. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3. Please follow steps given in points 1-5. <p>B. e-Voting website of NSDL</p> <ol style="list-style-type: none"> 1. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile phone. 2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. 3. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password / OTP and a Verification Code as shown on the screen. 4. After successful authentication, you will be redirected to NSDL website wherein you can see e-Voting page. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and e-Voting during the meeting. 5. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. <p>NSDL Mobile App is available on</p> <p>   </p> <div style="display: flex; justify-content: space-around;">   </div>





Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest is https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi / Easiest the user will be also able to see the e-Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL portal. Click on NSDL to cast your vote. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and e-mail as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.

Type of shareholders	Login Method
Individual Shareholders (holding securities in demat mode) logging through their depository participants	<ol style="list-style-type: none"> You can also login using the login credentials of your demat account through your DP registered with NSDL / CDSL for e-Voting facility. Once logged-in, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or e-Voting service provider - NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting and e-Voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forgot User ID and Forgot Password option available at respective websites.

Helpdesk for individual shareholders holding securities in demat mode for any technical issues related to login through depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call on the toll free no.: 1800 1020 990 or 1800 22 44 30
Individual shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact on 022- 23058738 or 022-23058542-43

II Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact on 022- 23058738 or 022-23058542-43

How to Log-in to NSDL e-Voting website?

- Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
- Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section.
- A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Your password details are given below:
 - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
 - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
 - c) How to retrieve your 'initial password'?
 - i. If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a pdf file. Open the pdf file. The password to open the pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The pdf file contains your 'User ID' and your 'initial password'.
 - ii. If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
 - a. Click on "Forgot User Details/Password? (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
 - b. Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
 - c. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
 - d. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN 119951" of Company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/ OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

Process for those shareholders whose email IDs are not registered with the depositories for procuring user ID and password and registration of email IDs for e-voting for the resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to einward.ris@kfintech.com;
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card).
3. If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained above.

General Guidelines for shareholders

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to mvbhatcs@gmail.com with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800 1020 990 /1800 224 430 or send a request to evoting@nsdl.co.in or contact Ms. Sarita Mote, Assistant Manager- NSDL at or Ms. Soni Singh, Assistant Manager- NSDL, who will address the grievances on e-Voting at evoting@nsdl.co.in.





OTHER INSTRUCTIONS

The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-voting and make, not later than 48 hours of conclusion of the AGM, a consolidated Scrutinizer 's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.

The results of the resolutions will be announced by the Company on its website www.sonata-software.com and on the website of NSDL : <https://www.evoting.nsdl.com>. The results shall also be informed to the Stock Exchanges.

Registered Office:

208, T.V. Industrial Estate
2nd floor, S.K. Ahire Marg,
Worli Mumbai – 400 030

Place: Bengaluru
Date: April 29, 2022

By Order of the Board
For **SONATA SOFTWARE LTD**

Mangal Krishnarao Kulkarni
Company Secretary
ACS: 11861

PLATFORMATION™

DIGITAL TRANSFORMATION DELIVERED



ANNUAL REPORT
2021-22

info@sonata-software.com
www.sonata-software.com

