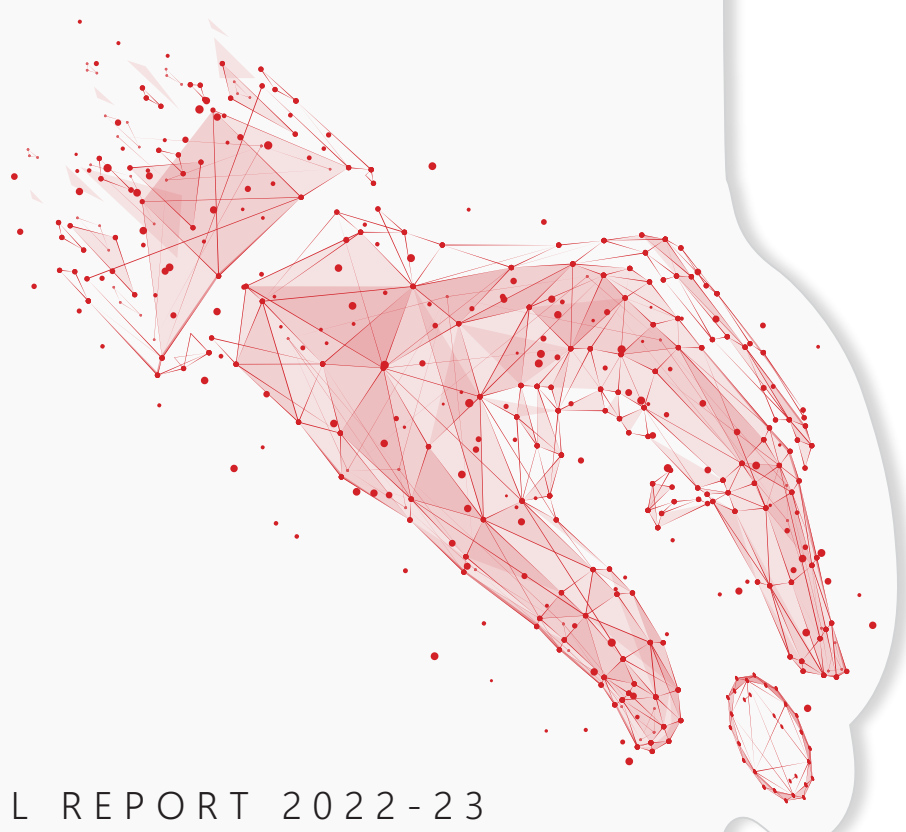




Seeds of **Modernization-driven Hypergrowth.**



ANNUAL REPORT 2022-23



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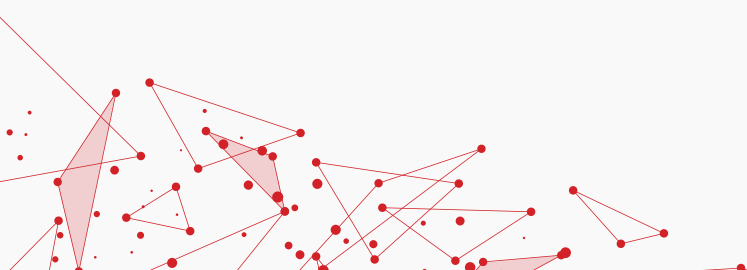
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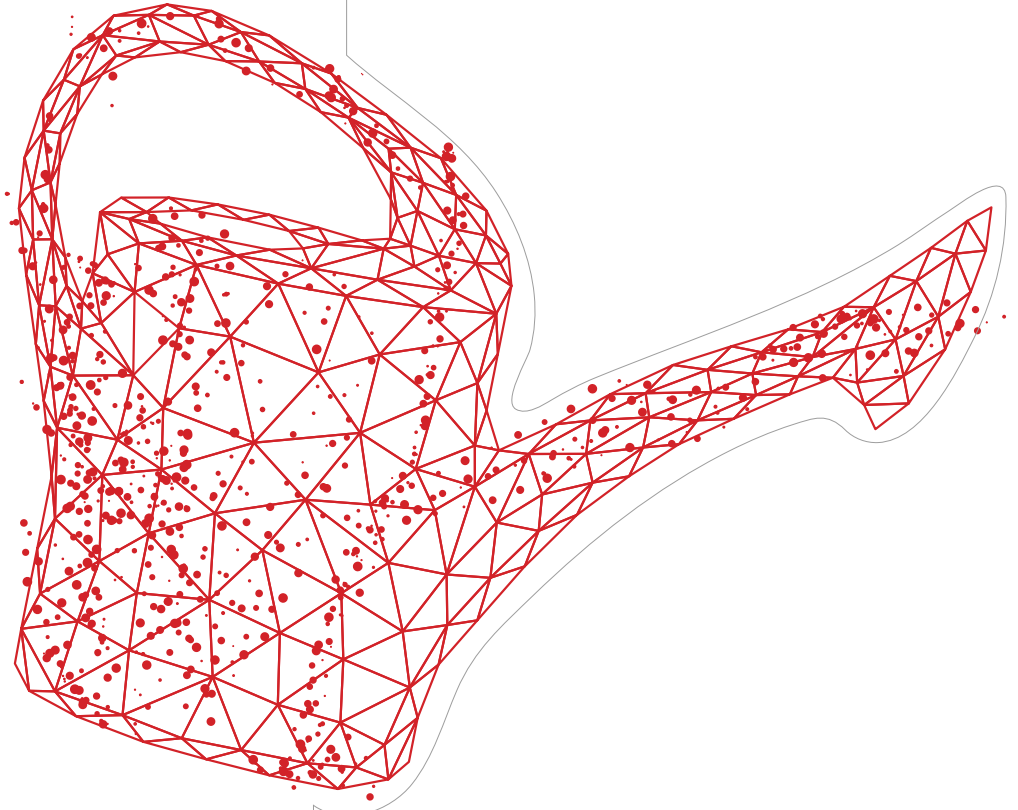
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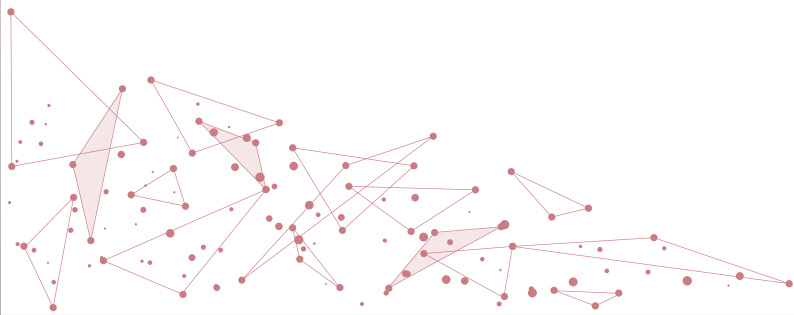
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MEET THE
LEADERS



Chairman's Message





Dear Shareholders,

As I reflect on the past fiscal year, I am proud to share that Sonata continues to deliver outstanding value to its clients, employees, communities, and shareholders. We have done this feat over the years consistently.

The past year has been characterized by numerous geopolitical shocks, inflationary pressures, post-COVID readjustments, and cryptocurrency volatility, which have profoundly impacted organizations worldwide. Yet, Sonata has remained agile and adaptable in such a dynamic environment.

During the last fiscal, we successfully implemented a well-thought-out MD & CEO transition plan – as we continue to gain market share, we wanted to make sure this transition is seamless for the firm. Srikar Reddy has now taken the role of Executive Vice Chairman.

I want to thank Srikar for his outstanding services to Sonata over the years. During the year, Samir, our CEO, and his team have continued to deliver on the vision and goals of the firm. We are excited to continue building Sonata as a Modernization Engineering powerhouse in the industry.

We are committed to maintaining our strategic focus and driving growth and expansion. We are investing in our growth by recruiting a seasoned team of leaders and technologists who can drive our business forward, promoting talent from within, and we will continue to seek out strategic opportunities to supplement our organic growth. Our focus on innovation and emerging technologies will continue to be a driving force in our strategy, and we are confident that we can continue to deliver value to our stakeholders.

Our employees are our greatest asset, and we are committed to fostering a culture of innovation and creativity. In the past year, we have taken several initiatives to provide our employees with the tools and resources they need to thrive. These initiatives include investing in training and development programs, providing access to cutting-edge technologies, and encouraging cross-functional collaboration. At Sonata, we have a culture where employees are encouraged to be curious to experiment, and share things they learn. In addition, we believe in cultivating a growth mindset, where personal growth goes hand in hand with organizational development and building a learning culture. These beliefs are the foundation on which we will create the next phase of our story – where we dream big and “Play Big”!





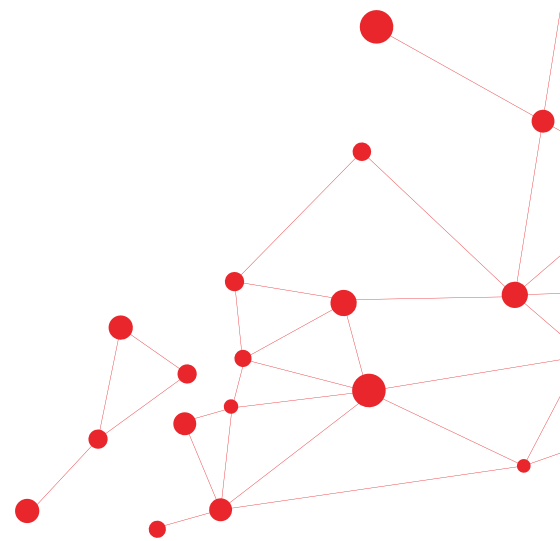
Sonata has been committed to the Environmental, Social, and Governance (ESG) charter. We recognize that our success is tied to the well-being of our stakeholders, including our employees, clients, shareholders, and the communities in which we operate. As a result, we have set up a comprehensive ESG program that includes clear metrics, initiatives, and timelines to achieve those metrics. Our efforts in this area include reducing our carbon footprint, increasing diversity and inclusion, and improving our governance practices. Our commitment to ESG is critical to our long-term success and building a sustainable future for our company and stakeholders.

The future – with opportunities and uncertainties – is not something that any of us can claim to predict. The increased volatility is confronting corporate leaders with complexities and challenges. Sonata is well-positioned to be a trusted navigator for our clients as they seek to create value from technology-led innovation and business transformation. This opportunity gives us great optimism about the future and equally puts great responsibility on us to make that future happen.

I want to thank our stakeholders, clients, partners, and vendors for their continued support. Your support has been instrumental in our success, and we remain committed to delivering innovative solutions that meet your changing needs.

Pradip Shah

Chairman,
Sonata Software Limited



CEO's Message

"We are driven by the purpose to enable the next opportunity through modernization for people, businesses and communities."





Dear Shareholders,

In today's market - there is a unique duality in technology adoption. On one side, extreme focus on cost containment by clients, and on the other, deep motivation to modernize their digital storefronts to attract more consumers and B2B customers.

This duality presents a significant opportunity for Sonata globally based on the deep differentiation we have created in Modernization Engineering powered by our Lightning suite and Platformation™ playbook. In addition, we bring agility and systems thinking to accelerate time to market for our clients.

I'm excited about the opportunity to lead Sonata Software into its next growth phase. I've taken the baton passed to me, and will work hard to make Sonata an IT powerhouse in the future.


FY'23 was a year of transformation for Sonata! We see the benefits of modernization driven hypergrowth. We have set a goal to achieve revenue of \$1.5B (~\$1B from SITL and ~\$0.5B from the International Business) and be in the leader category on Modernization and Great Places to Work in three years, building a mindset to "Play Big."

We started well, and as a team, we won our largest deal ever during the year, TCV of \$160M, to modernize our client's IT estate. In addition, we won eight other large contracts during the year. We successfully integrated Quant Systems into Sonata, our largest acquisition to date. Quant brings deep Enterprise data capabilities, and we added one BFSI and one Healthcare client to our Top 5 client list from the acquisition.

As we bring the "Play Big" mindset, we continue to invest in our business. We invested in key GTMs (Cloud, Data, Dynamics, Managed Services, and Contact Centre) – all focused on Modernization and Automation in our key Markets of the USA, UK, Nordics, India, and ANZ. We strengthened solutions for our key verticals - TMT, Manufacturing-Retail-Travel, BFSI, and Healthcare. We made significant investments in Generative AI capabilities. We continued to build scale across partners (Microsoft, AWS, SFDC, and Snowflake) and win high-quality logos and large deals working with partners. We're investing in global sales and marketing in the USA, Europe, and APAC. We continue strengthening our frontline solution and sales organization to add value to our customers.

All these investments resulted in us delivering industry-leading QoQ growth in the year's second half.





Our efforts are duly recognized, and we received the Microsoft Business Applications 2022/2023 Inner Circle award. We achieved the Microsoft Cloud Solution Partner status by earning all six New Microsoft Solutions Partner Designations. For the second time in a row, we won the Golden Peacock Award for Excellence in Corporate Governance.

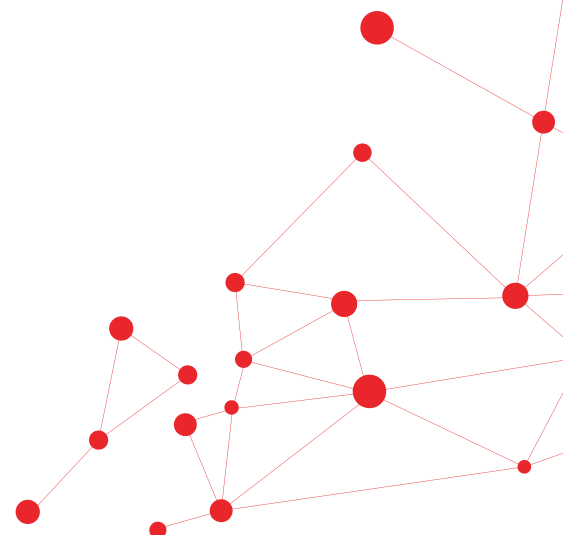
We make progress on our ESG goals on both EcoVadis and CDP scores. We invested in our talent transformation by creating a new CTO and Partner org to link all our engineers to technology aligned to technology partners. We launched a continuous learning platform, "SCALE," for all our team members. We implemented a two-in-a-box P&L model to empower and build deeper leadership talent in the firm. We launched the One-Sonata Program to bring synergies between International, Domestic, GBW, and Encore and go to market as One-Company, i.e., One-Sonata. We launched "Sonata Spark" to ignite the entrepreneurial spirit and innovation among Sonatians, which resulted in 146 innovative ideas from our engineering teams. We are building development centers in European and other geographies where we are servicing our clients.

From a service demand indicator perspective, despite some macro concerns that have been talked about in the industry, our outlook remains very strong. We do see some decision delays. But overall, the demand environment remains robust.

My executive team and I will work judiciously to accelerate our growth, build scale, and deliver on our vision to create Sonata as a Modernization Engineering powerhouse. We are excited about the opportunities that lie ahead, and we look forward to continuing to work with you in the future.

Samir Dhir

Managing Director & Chief Executive Officer,
Sonata Software Limited



Board of Directors



From Left to Right

**Mr. Pradip P Shah | Mr. Srikar Reddy | Mr. S.B. Ghia | Ms. Radhika Rajan
Mr. Sanjay Asher | Mr. Samir Dhir | Mr. Viren Raheja**



Executive Leadership Team



Samir Dhir

Managing Director and
Chief Executive Officer



Jagannathan CN

Chief Financial Officer



Sujit Mohanty

Managing Director and
Chief Executive Officer,
Sonata Information Technology Ltd.



Roshan Shetty

Chief Revenue Officer



Anthony Lange

Global Partner Officer



Rajsekhar Datta Roy

Chief Technology Officer





Suresh HP

Chief Delivery Officer



Srinivas Veeravelli

Chief Executive Officer,
Quant Systems Inc.



Balaji Kumar

Chief Human Resource Officer



Hemant Kumar Bhardwaj

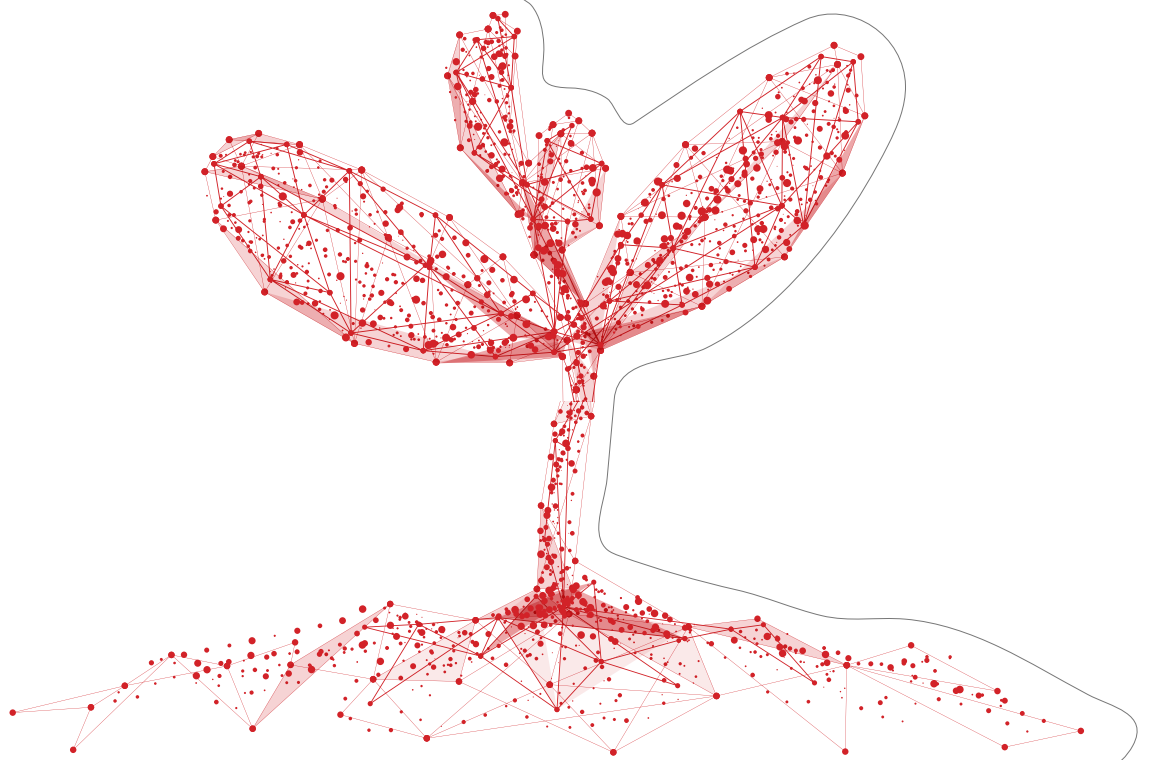
Chief Marketing Officer



Muralee Bhasker

Chief Executive Officer,
Encore Software Services





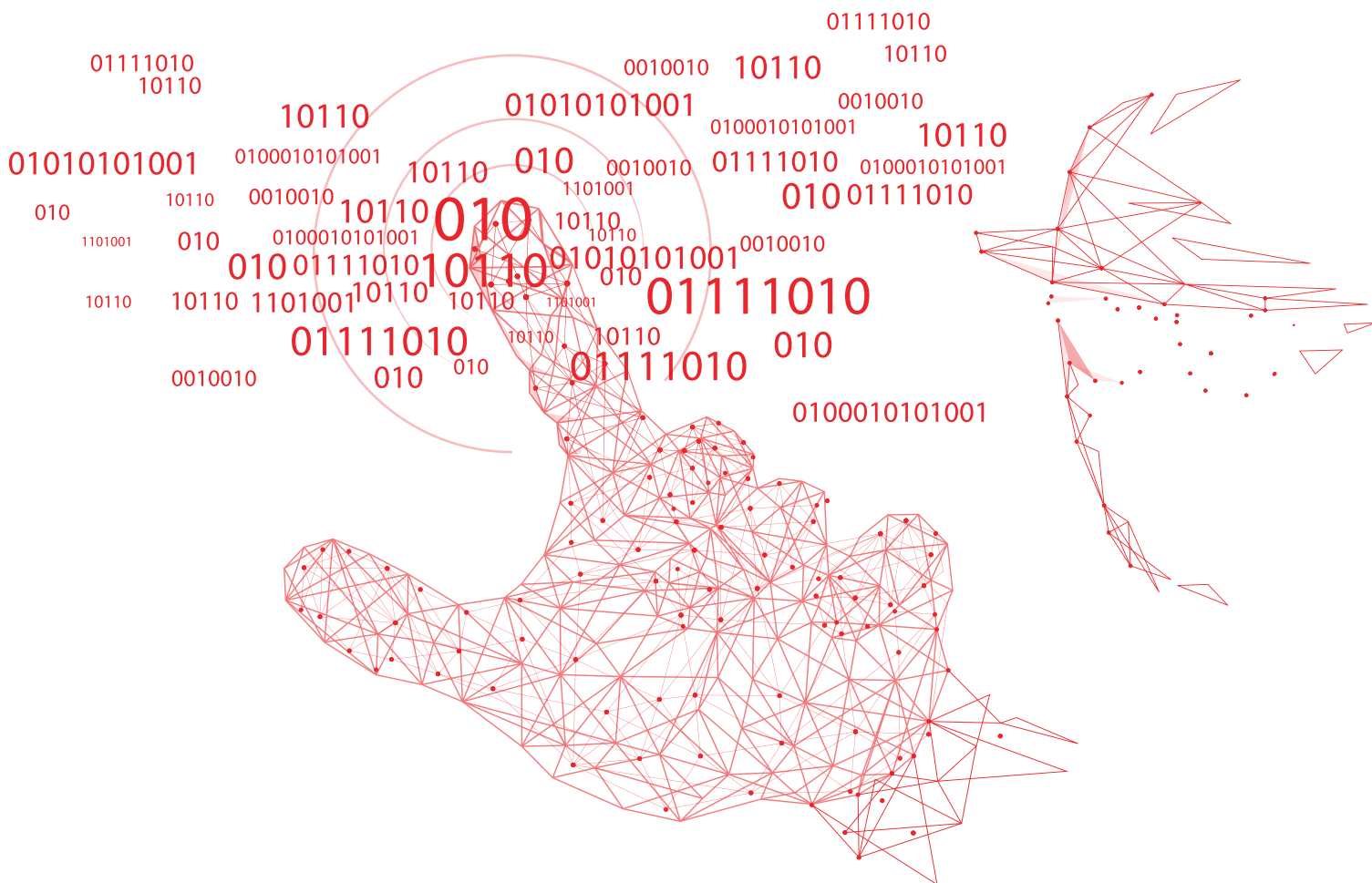
COVER STORY





Modernization-driven Hypergrowth

In today's rapidly changing world, the modernization of technology and business processes is no longer a luxury but a necessity for organizations that aspire to stay competitive. As a Modernization Engineering company, we partner with our clients to help them reimagine their business processes as part of modernization programs. As part of this phase, we drive business enablement sessions, consulting, and business processes to be aligned with best-in-class industry-specific practices.



Cloud Modernization

What we do

Sonata's approach to cloud modernization is centered on the needs of its clients. Before embarking on a cloud modernization project, we conduct a thorough assessment of the client's existing IT infrastructure and business processes to identify the specific needs and pain points. Our cloud modernization services enable organizations to leverage the power of the cloud by optimizing their cloud infrastructure, scaling their applications, and adopting the latest cloud-native technologies.

How we do

Cloud Strategy and Consulting

We enable organizations to create a comprehensive cloud roadmap that aligns with their business objectives. Our cloud experts assess the current IT landscape, identify gaps and opportunities, and provide a strategic plan that outlines the steps needed to achieve the desired cloud state.

Cloud Migration

Our experts leverage proven migration frameworks, tools, and methodologies to ensure a smooth and successful migration to the cloud, with minimal downtime and disruption. By migrating to the cloud, organizations achieve greater scalability, agility, and cost efficiency.

Cloud-native Development

Our cloud-native development services comprise microservices architecture, containerization, and serverless computing. By leveraging cloud-native technologies, organizations can build highly scalable and resilient applications that can handle millions of users and transactions.

Cloud Optimization

Cloud optimization is the final piece of the cloud puzzle. Our cloud optimization services help organizations optimize their cloud infrastructure, reduce costs, and improve performance. Our experts leverage cloud monitoring and management tools to gain insights into the cloud infrastructure and identify opportunities for optimization. Our certified professionals bring a wealth of knowledge and skills to the table, enabling us to offer cutting-edge cloud solutions to our clients.

**Enabling access to technology and expertise, to our clients,
by leveraging partnerships**

We are committed to building and sustaining strong alliances with major cloud providers like Microsoft, AWS, Google, and Salesforce.

We are a Microsoft Cloud Partner with certifications in Azure infrastructure, digital and app innovation, business applications, Data & AI, modern work, and security.

These partnerships enable Sonata to provide its clients access to cutting-edge technologies and expertise, enabling them to seamlessly migrate to cloud-based solutions, transform their workplaces and business models, leverage data analytics for better decision-making, implement enhanced cybersecurity controls, and optimize their IT cost structures.

Enterprise Data Modernization

What we do

Sonata's approach to data modernization is centered on helping the enterprises extract value from their data and transform their data infrastructure to make it more agile, scalable, and responsive to business needs. We have extensive experience in data modernization, having worked with clients across a range of industries, including finance, healthcare, retail, and manufacturing. Our data modernization services are powered by its partnerships with leading technology providers.

How we do

Data Strategy and Planning

Sonata helps its clients and their partner ecosystem develop a data strategy that aligns with their business goals and objectives. The data strategy includes a roadmap for data modernization, data governance, data security, and data analytics.

Data Migration

Sonata helps its clients migrate their data from legacy systems to modern data platforms that are more agile, scalable, and secure. The migration process includes assessment, planning, design, and implementation.

Data Management and Analytics

Sonata helps its clients manage and analyze their data to extract insights that drive business growth. This includes data quality management, data integration, data warehousing, and data analytics.





Application & Infrastructure Modernization

What we do

Application & Infrastructure modernization is critical for organizations to remain competitive in today's digital landscape. Legacy applications can become a burden over time, as they become outdated and unable to meet modern business needs. The importance of application modernization lies in its ability to enable organizations to leverage new technologies and frameworks to improve efficiency, flexibility, and scalability while reducing costs.

How we do

Application & Infrastructure Re-platforming and Re-architecting

Our experts help organizations choose the right approach based on their business needs, and modernize their applications to make them cloud ready. Organizations can then optimize the application infrastructure, reduce operational costs, and improve the user experience. We have enabled our clients to improve their overall performance, enhance customer experiences, and accelerate their digital transformation journey.

AI

Sonata offers solutions with sophisticated & large-scale models that combine Artificial Intelligence, Machine Learning, and NLP techniques to recommend actions for the efficient business outcomes. It enables enterprises make informed, intelligent and faster data driven decisions.

We believe Generative AI is going to set a new paradigm in solving clients' business challenges and enabling their success. We have created industry use cases and are investing in building innovative solutions that leverage Generative AI.





Generative AI

What we do

Sonata's Generative AI using Large Language Models is aimed at enabling the modernization journey of customers in the areas of customer experience enhancement and employee experience, operations and compliance and engineering. This offering is applicable to all our industry verticals.

How we do

Our primary offering is to operationalize innovation by providing a Governed Model for Responsible AI usage. We offer this with our platform that enables a governed, safe and responsible AI usage in addition to a faster time to market leveraging pre-built bots and bot administration framework. At this time, we are providing this with available models and tools from Azure OpenAI, OpenAI, Copilots on Dynamics and Power Platform. We are also evaluating other technologies such as Claude from Anthropic, Bard and AWS Bedrock so that customers can benefit from them.

Additionally,

- **Using our Lightning Platform, we enable customers to actively explore Gen AI for their organization through industry-specific proof-of-concept projects.**
- **We build AI Driven solutions in existing & new processes and apps by integrating with Open AI/Azure OpenAI APIs.**

We have also developed a consulting framework for assisting customers in creating an approach for leveraging the Generative AI technologies. In order to deliver this, we have created a number of deployable use cases for industry verticals, using Generative AI such as content search, sentiment analysis, physician scribe bot, recipe bot, engineering automation, product information bot, and claims validation workflow.

Data Privacy

What we do

Sonata's Data Privacy offering aims to protect people's personal information and address their concerns about its misuse. With strict data privacy regulations in place worldwide, organizations need to ensure that the data they store meets these requirements. Sonata provides a comprehensive framework for data governance with a special focus on data privacy to tackle these concerns.

How we do

Using AI-driven tooling, our system scans files, system logs, and repositories to create a categorized inventory of all personal data, both structured and unstructured, across the organization. By implementing end-to-end data security, privacy, and protection measures, our clients can unlock new value from data and build a strong brand and trust with their customer base.

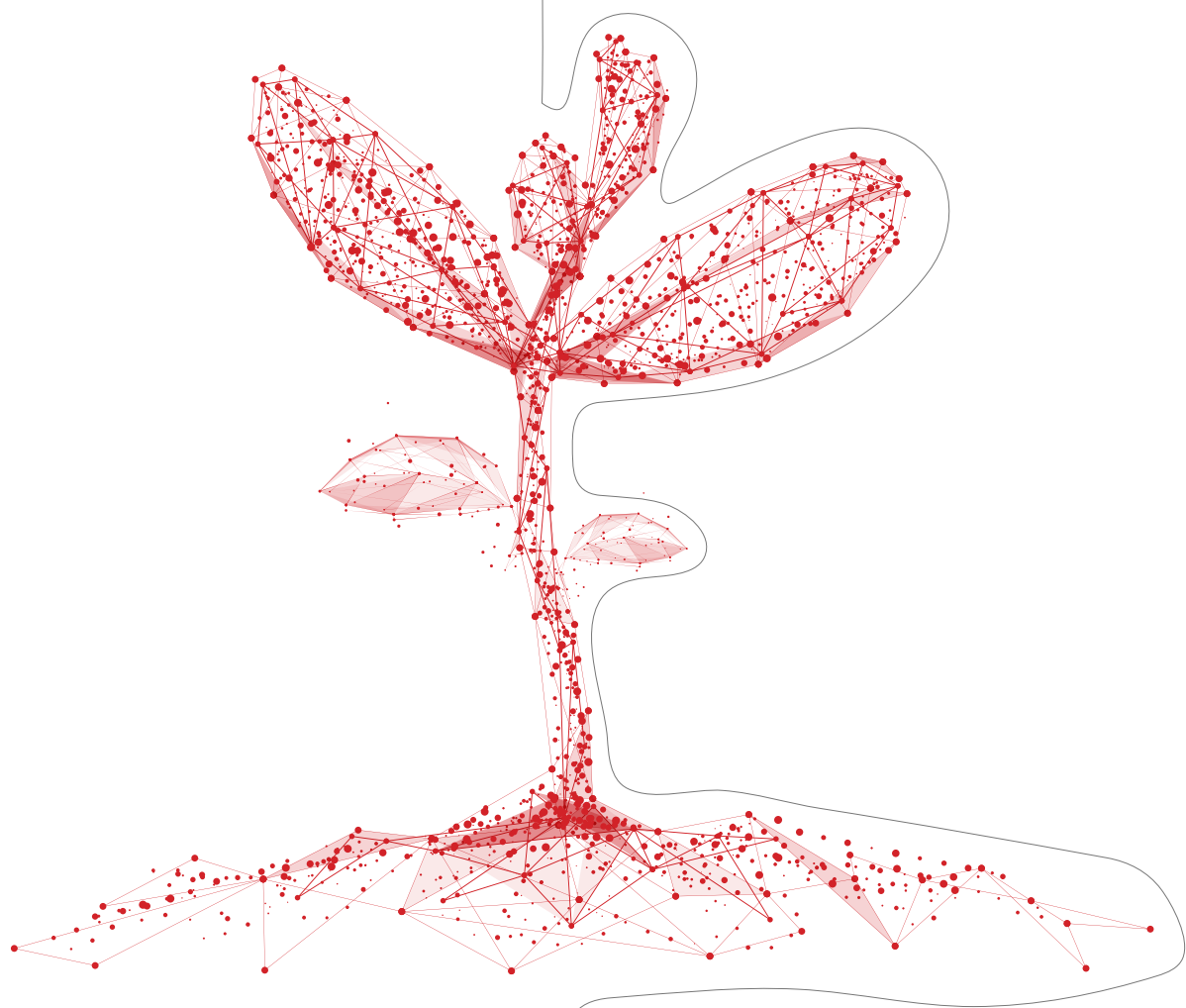
We are enabling an American multinational financial services company to ensure Data Privacy to its

1.2 billion users.



Modernization-driven growth is not just a buzzword, but a reality for organizations looking to thrive in the digital age. By leveraging modernization services, organizations can unlock the power of technology and transform their business. At Sonata, we are committed to helping our clients achieve their digital transformation goals.





SONATA AT
A GLANCE



About Sonata Software

We are a Modernization Engineering company powered by our unique Platformation™ framework. Sonata's Platformation™ methodology brings together industry expertise, platform technology excellence, design innovation and strategic engagement models to deliver sustained value to customers.

Headquartered in Bengaluru, India, Sonata has a strong global presence, including key regions US, UK, Europe, APAC, and ANZ.

We are a trusted partner of world leading companies in TMT (Telecom, Media and Technology), Retail & CPG, Manufacturing, BFSI (Banking, Financial Services and Insurance) and HLS (Healthcare and Lifesciences) space.

Our outcome-based Modernization Services include Cloud, Data, Dynamics, Managed Services, Automation and Digital Contact Center. We are aggressively investing in our services around newer technologies like Generative AI and many more.

Sonata boasts of a long-standing partnership with Microsoft and is part of its prestigious inner circle. We are investing in building strong partnerships with AWS, Salesforce, Google and industry partners to enable our customers achieve business success in this digital world.

Sonata, with 6000+ Sonatians, strongly believe in being a truly diverse and inclusive company and enabling its talent to continuously learn, unlearn and grow in their professional career and remain relevant for future.

As a responsible corporate citizen, we are committed to deliver on our commitments towards ESG, Corporate Governance and CSR endeavor.



Sonata Around the World



- **DEVELOPMENT CENTERS & SALES OFFICES - 21**
- **PARTNERS - 5**
- **GLOBAL DELIVERY CENTERS RECENT / INPROGRESS - 6**



Human Capital

Modernizing with Talent at the Core

At Sonata, our people have always played a pivotal role in customer and business success stories. We continuously invest in building talent, augmenting capabilities, and fostering a culture of agile innovation and high performance required to make a meaningful impact through modernization in a global market.

Attracting and Retaining Talent

During the last year, we hired 2100 Sonatians including ~500 trainees taking the total headcount to 6,000+ across the globe. In addition, several key leaders across different functions were onboarded globally, in line with the business strategy, to strengthen the leadership pipeline, setting it on course to deliver the growth objectives.

Developing Talent

IT industry continues to evolve constantly and we at Sonata are investing in talent development to keep up with the latest technologies and trends. We believe that employee will stay with a company that cares and invests in their professional development and career. Sonata University was created to strengthen the learning culture and help Sonatians build skills in technical, functional, and behavioral domain. We recently launched SCALE – “Sonata Career Academy for Learning Excellence” that is built on a world class Learning Management System with vast content from leading content providers. We have rolled out a number of technical and leadership academies and certification programs to help us build the right skill mix to execute projects and prepare for the emerging technologies. We are seeing a more than double increase in training completion and certifications since we launched the program.

Nurturing Talent

We engage with our talent pool at multiple communication forums, including interactions with the leadership team. From campus hires and new joiners to technical and critical talent, we ensured that everyone had exclusive facetime with the CEO and CXOs. In parallel, multiple employee-connect programs and VoX Sonata ensured real-time feedback on employee sentiments and corrective action.

The performance management process was strengthened and launched as PACE (Performance And Career Enablement) to ensure timely goal setting, feedback, review and rewards which in turn would result in a culture of meritocracy, transparency and fairness.

Recognition of exemplary performance and outcomes goes hand-in-hand with a high-performing culture. We revamped the existing recognition program to expand its scope, include more categories and made it more attractive. The coveted Annual Awards program was rebranded as Sonata Optimus Awards and encompasses the company's best in leadership, innovation, and organizational performance-related awards.

Igniting the Spirit of Innovation and Entrepreneurship

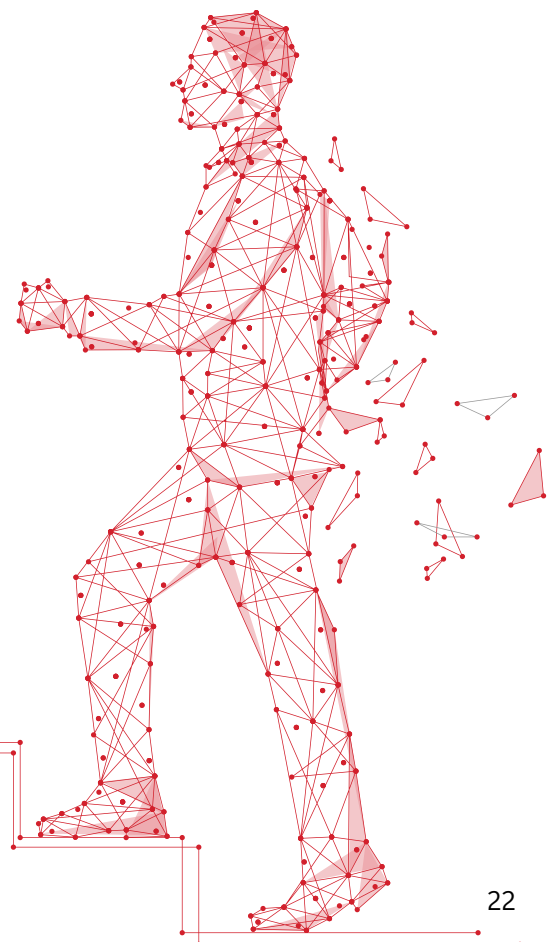
Sonata Spark was launched to encourage Sonatians to share use cases of innovation that have potential to be scaled up for other customers. The best among these will be funded for further development. More than 150 entries were submitted, which is a demonstration of the depth of technical excellence at Sonata. In January, the 1st Sonata Annual TechFest was launched for engineers to showcase the best of their work to the leadership. More than 125 engineers participated and presented cutting-edge ideas they are working on.

Diversity and Inclusion

Your company is committed to continue nurturing a diverse and inclusive workplace globally. A Global D&I Council has been put in place to define and deploy Sonata's approach to D&I. During the year we continued accelerating women colleagues to ensure that not only do we maintain a healthy diversity ratio but increase their representation in management roles.

Ensuring Overall Wellbeing

Employee wellbeing is one of our key focus areas. In that regard, the Sonata Employee Wellness Week was conducted in December to create awareness about overall wellness. As part of this, multiple programs on emotional, physical, psychological, and financial wellbeing were conducted benefiting a large number of Sonatians. Sonatians work hard and play hard. During the year, many celebrations, and events such as Diwali, Christmas, Cricket were organized which witnessed enthusiastic participation.



Life at Sonata



Sustainability at Sonata

**Towards a Shared,
Prosperous Future**



Vision

Our Vision for Sustainability is based on the 'Triple Bottom Line' framework. While financial sustainability is critical it must be achieved within a framework that focuses on environmental and social sustainability impact. Based on the 'Triple Bottom Line' model, we have identified our ESG issues.

Objective

To act on our commitment to sustainable growth of the organization, while safeguarding and promoting equitable growth of employees, communities, associates, clients, investors, suppliers and other key stakeholders and conserving the environment.

High

- ▶ Human Capital Development, Retention & Labor Practice
- ▶ Corporate Governance & Business Ethics
- ▶ Privacy Protection & Cybersecurity
- ▶ Climate Change (Climate Risk & GHG Emissions)
- ▶ Customer Relationship Management

Medium

- ▶ Human Rights and Health & Safety
- ▶ Corporate Citizenship & Philanthropy
- ▶ Risk and Crisis Management
- ▶ Innovation Management
- ▶ Resource Management (Water & Waste)
- ▶ Supply Chain Management

Low

- ▶ ESG Reporting, Regulation & Compliance
- ▶ Economic Performance
- ▶ Brand Reputation
- ▶ Policy Influence
- ▶ Biodiversity
- ▶ Tax Strategy

Ratings and Awards



& Others

*Energy Consumption

- 3,278,242 kWh
- 45.5% reduction from Baseline year 2019-20

Emissions

- 7070.57 tCO₂e
- 36% reduction from Baseline year 2019-20

Water

- 17939 kilo litres
- 45% recycled

Renewable Energy

- 42% of total energy consumption

Resource efficiency

- Use reusable ceramic cups for the replacement of paper cups
- Organic bio-tech products for housekeeping consumables
- Use of water aerators
- The HUIDA bathroom water management system

*Please refer BRSR report for more information on our environmental impacts and disclosures.



Sonata Software achieved the IGBC Platinum Certification for the Tower F facility at Global Village Tech Park, Bengaluru.



This certification is a testimony to our commitment towards sustainability and the environment. The facility is designed with leaner workstations, which gives stakeholders ample space for movement. Safety has been our primary focus while designing the facility. In terms of fire safety, the whole facility has been divided into two zones. In case of any emergency, fire curtains will automatically operate to avoid further damage. These initiatives will achieve 10-15% reduction in utility cost. The facility is powered by green energy, and uses IoT for managing utilities, which helps us reduce energy consumption, emissions, and costs. The overall space is built with constructions and retrofications which use sustainable and environment-friendly practices, leading to reduced carbon footprint, energy savings, and improved occupant health and wellbeing.

Sustainable Procurement	EHS (Environment, Health and Safety)
Capacity building programs for our suppliers to promote sustainability, safety and ESG.	Committed to conducting business in a responsible manner, minimizing EHS risks. We have undertaken many activities including:
ESG in code of conduct policy for suppliers and suppliers undergo due diligence with sustainability parameters.	<ul style="list-style-type: none"> ○ Health and safety awareness to employees ○ Incident management, investigation, reporting and corrective action ○ EHS risk reduction in value chain ○ EHS compliance ○ Safety week celebration
Sonata has achieved Leadership rating (A-) in CDP Supplier engagement rating in climate change category.	

Employee Engagement

Event	Type	Attendees	Outcome
National Road Safety Awareness Session	Training	45	Awareness about road safety rules, traffic signals, and safe driving practices that can help reduce the risk of accidents and the dangers of reckless driving.
Environment Day Awareness and Visit to Ragi Halli Bannerghatta	Training and Visit	60	Increased awareness about the importance of protecting the environment and biodiversity.
Environment Day Quiz	Online Quiz	785	Promotion of a culture of environmental responsibility in the company.
Webinar: Pro Wilderness - An Awareness session on Biodiversity	Training	71	Awareness about the importance of preserving wilderness areas for biodiversity conservation.
Webinar: Pro Wilderness - An Awareness session on Biodiversity	Training	49	Understanding of the threats to wilderness areas and the need for effective conservation measures.
Office EHS Training	Certification Training	22	Increased capability and knowledge among employees about workplace safety, health, and environmental issues.
Office EHS Safety webinar	Training	450	Awareness on Fire Safety, Electrical Safety, Disaster Management.
Happy Relationships Webinar	Training	1493	Awareness among employees about mental health issues, their impact, and the available resources and support.
Water Supply- A Humongous Task in Bengaluru	Training	514	Importance of water conservation water supply work in metro cities.
Supplier Awareness on ESG	Training	7	Sustainability, ESG practices.
Safety Week Painting Competition	Employee Engagement	12	Promotion of a culture of safety consciousness and responsibility in the company.
Water Day Quiz	Online Quiz	442	Increased awareness about the importance of water conservation and the challenges facing the world's water resources.

For the latest information about sustainability at Sonata Software,

Please visit <https://www.sonata-software.com/about-us/sustainability>

Corporate Social Responsibility

CSR Vision

- To enhance value creation in the community through Sonata's services, conduct and initiatives, to promote sustained growth in the society and community.
- The objective is to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all our stakeholders including our community.

Sonata's CSR Projects Received Platinum Rating for Social Impact Assessment

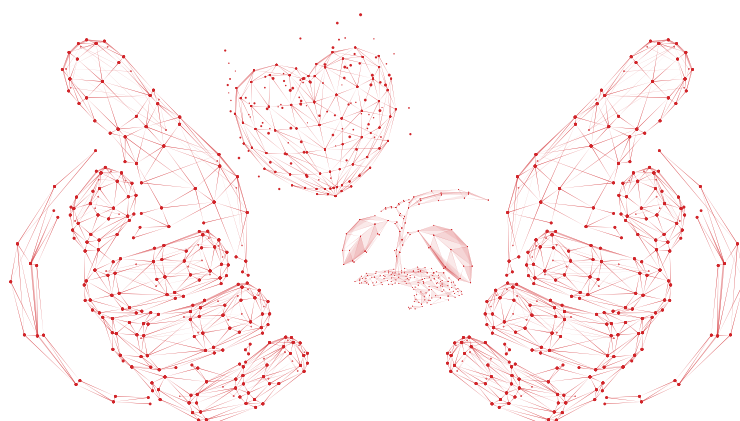
Sonata Software underwent 3rd party social impact assessment of our CSR projects

1. Agastya International Foundation promoting science education.
2. Kriti Social Initiatives promoting education for children and promoting livelihood opportunities for women.

BlueSky has assessed the Sonata CSR program with a Platinum category based on Governance and impact of the projects.

The Platinum Category of the CSR Project performance demonstrates:

- **Sustainability Commitment**
- **Leadership Visionary on Social Responsibility**
- **Stakeholder Partnership and Multi – Organizational Alliance Activity**



Key Projects

1. DHF: Project: To preserve heritage by supporting restoration of Rang Mahal Hyderabad and engagement with local community.



Impact:

- Average Number of visitors per Year: 2235.
- Biodiversity: Documentation and planting of indigenous Deccani plants in the garden.
- Preservation of Heritage & tourism.

2. OGQ (Olympic Gold Quest): Support to Indian athletes for Paris 2024 Olympics and Paralympics.



Impact:

- 23 athletes supported by OGQ participated at the Commonwealth Games 2022 out of which 17 won medals including 12 Gold Medals for India.
- Sonata's Grant is utilized for training of 45 athletes and 15 para-athletes in 8 sports, including Shooting, Badminton, Archery, Cycling, Boxing, Wrestling, Powerlifting, and Athletics for the Paris 2024 Olympics and Paralympics.

3. Farmers for Forest (Efficient Ecosystem Protection Association); Project: Plantation of 6000 trees in 15 acres of degraded agricultural land of Gadchiroli district, Maharashtra.



Impact:

- Sequestration of 3000 tons of carbon dioxide over a 20-year period or nearly 150 tons of carbon dioxide per year, the equivalent of offsetting the emissions of 50 cars per year.
- 200% increase of biodiversity in the area addition to the inclusion of tree and shrub species classified as vulnerable, near threatened, endangered or critically endangered.
- Creation of over 140 days of rural employment in the first year alone when ecological restoration work is undertaken.



**4. CENTUM FOUNDATION Project:
Promotion of diversity and
inclusion by providing IT skills
training to diverse students.**



Impact:

- 500 beneficiaries which include women, especially abled and others.
- Skill development and technological education of underserved and underprivileged youth for increasing their employability.

**5. MAP (Museum of Art and
Photography): Promoting Art,
Heritage and Culture with Diversity
and Inclusion.**

We have engaged with MAP for Building an Ecosystem for Diversity & Inclusion for Women in India through the Visible & Invisible Program as well as supported opening of physical museum.



Impact:

- Visible/invisible program aims to support and encourage women participation and diversity in tech space with means of panel discussions talks, art exhibitions and motivational talks.
- Sonata and MAP will also organize campaigns in major cities of India to raise awareness in this topic, with the sessions and grant support we aim to build an ecosystem of diversity in workspace in India.

**6. INTACH (Indian National Trust
for Art and Cultural Heritage)
Project: Website development and
technical support for Someshwara
Ulsoor Temple.**



Impact:

- Promotion of cultural heritage: This project enables visitors to access and learn about the architecture, historical and cultural significance of the temple.
- This initiative helps to promote the cultural heritage of the temple to a wider audience, including tourists and historians.

**7. Industree Crafts Foundation;
Project: Developing an Online
Repository for Artisans to store
Designs and Products for Artisans.**



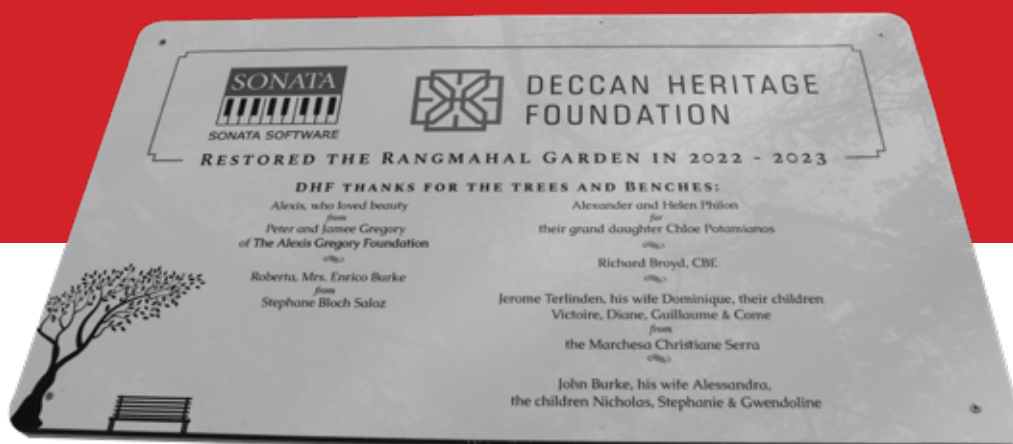
Impact:

- Empowerment of artisans: The Co Create app makes it easier for artisans to enroll themselves and showcase their products to a wider audience and provide greater economic opportunities for artisans.
- Preservation of cultural heritage: By providing a centralized platform to store designs and products of artisans, this initiative can help in documenting and preserving traditional art forms.

Diversity and Inclusion Through CSR



- Inclusion of women in society through various programs and campaigns through the Visible & Invisible Program of MAP (Museum of Art and Photography).
- Foster Technical Talent from Disadvantaged Economic Backgrounds – 32+ female students from 20-21, 21-22 have been awarded Sonata scholarship to fulfill studies in Computer Science/ Information Systems and the Electronics & Communication streams.
- 15 Para-athletes are being trained for Paralympics with the support of Sonata.
- 80% of the beneficiary of our CSR program with Centum foundation are women and especially abled. This program provides skill development and technological education to underserved and underprivileged youth for increasing their employability.



Partnerships Driving Hypergrowth



In the pursuit of our mission to drive industry leading growth and deliver exceptional services, partnerships have emerged as a key driver of our success.

Our partner ecosystem boasts of strong relationships with Microsoft, AWS, Salesforce, Google, and Industry partners and is critical to the value we create with our clients. We are proud to be recognized as a Microsoft Inner Circle Partner ranking us in the top 1% of Microsoft Partners. We will continue to strengthen and invest in these partner relationships to drive hypergrowth.

Partnerships have proven instrumental in shaping our revenue pool, accounting for more than 50% of our total pipeline, which is twice the amount compared to the previous year. We recognize the critical role partnerships play in winning large deals and expanding highgrowth services in our focus verticals – Telecommunications, Media, and Technology (TMT); Retail & Manufacturing; Banking, Financial Services, and Insurance (BFSI); and Healthcare and Life Sciences (HLS).

Moving forward, our focus will be on strengthening partner co-sell activities to further expand our market reach. By leveraging the collaborative efforts of our partners, we aim to tap into new customer segments and enhance our presence in untapped markets. This strategy will enable us to bring new services to the market through strategic alliances with tech-native companies.

In line with our commitment to innovation, we will actively engage in joint innovation initiatives with our partners. Together, we will explore and develop next-generation competencies such as generative AI, cybersecurity, and mainframe migration. This collaborative approach will foster the creation of intellectual property (IP) and fuel our growth in these cutting-edge technologies.

To support our ambitious goals, we plan to expand our partner landscape by onboarding 50 or more partners across a diverse range of large ISVs (Independent Software Vendors), platforms, and startups. This broadened network will enable us to leverage the expertise, joint Go-To-Market (GTM) strategies, and access to specialized talent offered by our partners. Our top priorities include the building of joint IP and solutions, as well as securing access to domain expertise and local market talent and capabilities.

Furthermore, our efforts will be focused on the transformation and growth of our Cloud and Digital services. We anticipate that these services will contribute to approximately 60% of our total services revenue by 2027. By strengthening our partnerships, we will be able to leverage their expertise and market presence to accelerate the adoption of these services, ensuring sustained growth and a competitive edge in the market.

Being a talent-focused organization, developing and nurturing a partner ecosystem that gives access to high quality talent pools is a key business imperative. In that direction, we have now streamlined our partner network to identify select partners who are regularly provided a good line of sight to our current and future requirements. This helps the select partners to develop the required readiness of the talent pools both from a capability and availability point of view thereby ensuring higher percentage of placement with us.

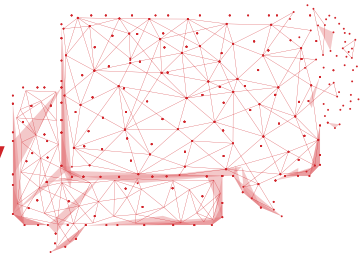
Campuses/universities are another core segment in our talent partner ecosystem. Here too, we have streamlined it to identify colleges/universities that have not only given us a steady supply of talent in the past but are also keeping pace with the changes in the industry. We have identified the top 15 colleges – within and outside India - with an intent to deepen our relationship with them for mutually beneficial synergies.

From a capability building perspective, we not only draw heavily from our business partners for certifications, but we have also built a network of partners who understand our requirements well and are able to give us bespoke capability-building solutions either for freshers or laterals.

We are confident that our strategic focus on partnerships, coupled with our relentless pursuit of innovation and customer and talent centricity, will pave the way for Sonata's continued modernization-driven hypergrowth.



What Our Customers Say



Sonata Software has been instrumental in streamlining the Toxicology and Clinical Review request processes for our company. Initially, there were two disjointed applications, users were leveraging that caused significant delays and duplicative work. Thanks to Sonata's digital automation solution, and our teams have an improved way to facilitate our request processes. The application is user-friendly, and we appreciate the centralized storage and backup of data, allowing us to easily search and manage data/documents. It has been a pleasure to work with Sonata Software and we look forward to continuing our partnership with them.

— Manager, Clinical Systems & Operational Excellence,
R&D Global ClinOps, World's leading
American Consumer Health company



The team's professionalism and commitment to delivering a high-quality solution have been exceptional, and we would highly recommend Sonata Software to any organization seeking to optimize their operations and achieve superior business outcomes.

— Managing Director, Global Enterprise Systems,
An American Global Media, Marketing, and
Corporate Communications holding Company.





As part of our modernization initiative, we were looking for an integrated, connected, finance & supply chain solution to enhance our business capabilities and to modernize the POS systems in our stores. With our investments into the omnichannel retailing to enhance customer experience we were looking for a strong partner who can help us in this journey.

Thanks to Sonata, we got an opportunity to reassess our needs, review our business processes, identify business optimization levers and were able to document the AS-IS system architecture.

We highly recommend Sonata's solution assessment to enterprise businesses looking to modernize their operations. The partnership with Sonata has been great so far, and we look forward to continuing our association.

— IT Sr. Director, An American international specialty retailer and distributor of professional beauty supplies.



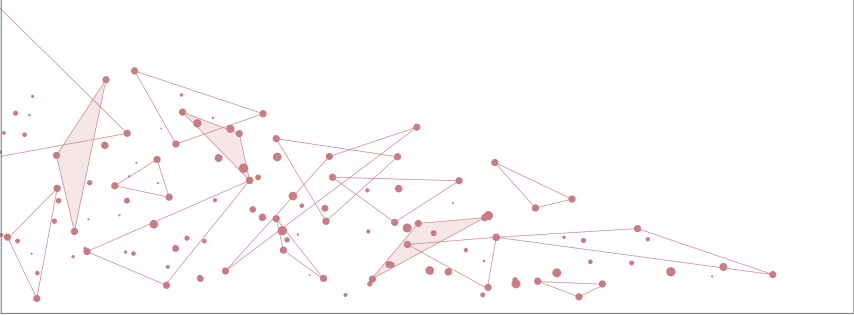
Their competency teams have helped collaborate and inform us on our design, strategy, and approach to servicing our customers who require to manage confidentiality, integrity, and availability at all times. I would highly recommend their approach and expertise in helping to transform and/or embrace the fast-paced world of Cloud computing.

— CTO, A UK based leading provider of the Legal Service Platform.





HIGHLIGHTS



Operational Highlights



We are proud to present our company's vision for the next three years, which entails achieving a growth rate of two times our current size. To accomplish this, our leaders have meticulously developed Objectives, Goals, Strategies, and Measures (OGSM), with the aim of generating \$1.5 billion in revenue. Approximately \$1 billion of this revenue is expected to come from India, while the remaining \$0.5 billion will be derived from our international business. We have established clear actions to attain these objectives, all while maintaining a mindset of "playing big" and striving to become leaders in modernization and great places to work by FY26.

To foster a growth-oriented mindset, we have implemented organizational changes. This includes the implementation of a 2-in-a-box structure, a work-home-university model, and the establishment of the Chief Digital Officer (CDO) and Chief Technology Officer (CTO) organizations, as well as a Partner Organization. Furthermore, we have strengthened our solutions for key industry verticals such as Telecommunications, Media, and Technology (TMT); Retail & Manufacturing, Banking, Financial Services, and Insurance (BFSI); and Healthcare and Life Sciences (HLS).

In line with our focus on modernization and automation, we have made strategic investments in key Go-to-Market initiatives (Cloud, Data, Dynamics, Managed Services, and Contact Centre) that cater to our primary markets, including the US, UK, Europe, APAC, and ANZ.

Our efforts have been recognized with the Microsoft Business Applications 2022/2023 Inner Circle award, and we have achieved the Microsoft Cloud Solution Partner status by attaining all six New Microsoft Solutions Partner Designations. We continue to expand our scale through partnerships with key industry Hyperscalers Microsoft, AWS, Google, and Salesforce to secure high-quality clients and large-scale deals.

Moreover, our teams secured a landmark deal worth \$160 million over ten years for Sonata, and successfully acquired Quant Systems, aligning with our growth strategy for the BFSI and HLS verticals. Quant acquisition also strengthened our presence both onshore and offshore.

We have introduced the One-Sonata Program, which aims to bring together the strengths and offerings of our international, domestic, GBW, and Encore teams under a unified



go-to-market approach. Furthermore, we have invested in emerging technologies and enhanced our capabilities in artificial intelligence, including our partnership with OpenAI through Microsoft.

To facilitate continuous learning and development among Sonatians, we have launched the Sonata Digital Learning Experience Platform, offering access to a vast array of content and the opportunity for Sonatians to learn using the latest technologies and remain relevant in a rapidly evolving digital landscape. We have also introduced Sonata Spark, a platform designed to ignite the entrepreneurial spirit and drive innovation among our employees.

As we strive to position Sonata as a global firm, diversity and inclusiveness have become areas of high focus. In line with this, we are pleased to announce the establishment of the Global Diversity and Inclusion (D&I) Council, which will drive Sonata's D&I agenda on a global scale.

As part of our commitment to empowering women, we have partnered with the Women's Premier League, a women's Twenty20 cricket franchise. This association has not only enhanced the visibility of the Sonata brand within India but also in some of our key markets, both internally and externally.

We have made significant progress in our Environmental, Social, and Governance (ESG) goals, as evidenced by our improved CDP scores. Our newly setup facility in Bangalore has been awarded the prestigious Indian Green Building Council (IGBC) platinum certification, highlighting our commitment to sustainability and the environment.

Our executive team is dedicated to positioning Sonata as a rapidly expanding digital company that prioritizes modernization and digital transformation. Sonata is firmly committed to pursuing healthy growth and building scale in various areas, including acquiring large clients, securing significant deals, expanding into new markets, fostering strategic partnerships, and attracting top talent.

Sonata Software bagged the coveted Golden Peacock Award for Excellence In Corporate Governance 2022, second time in a row.



Financial Highlights

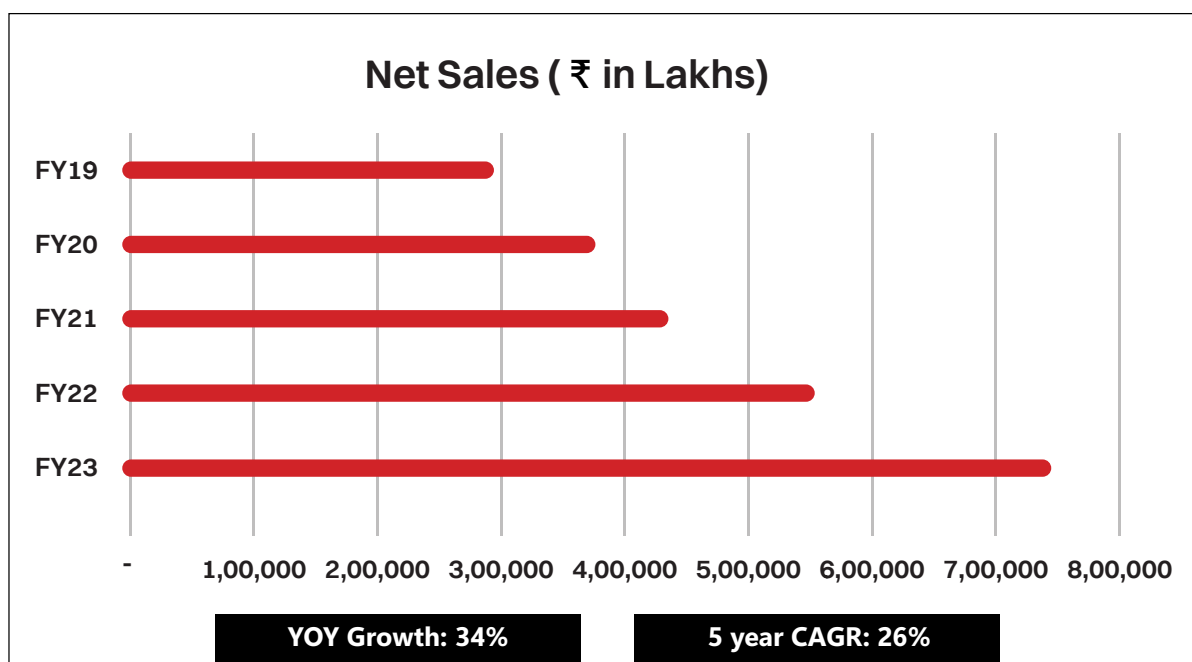


₹ in Lakhs

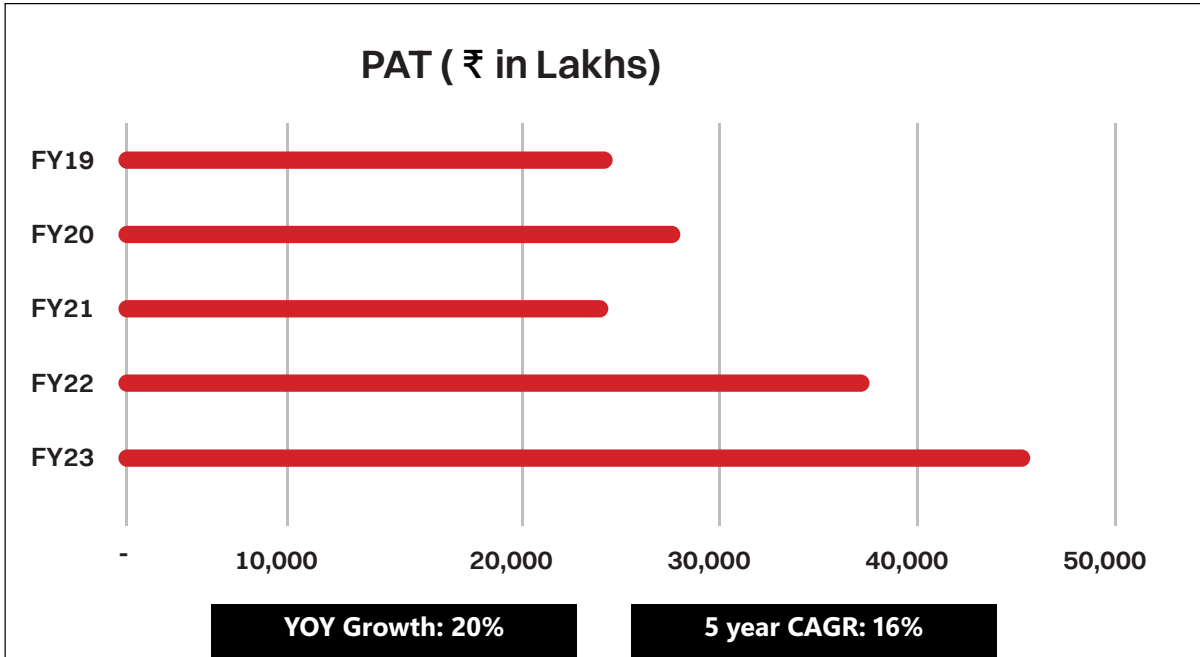
Key Financials	FY23	FY22	FY21	FY20	FY19
Net Sales	7,44,912	5,55,337	4,22,808	3,74,326	2,96,090
EBITDA	67,495	56,573	40,710	43,121	36,286
PAT	45,190	37,643	24,396	27,693	24,926
Net Worth	1,30,065	1,09,920	90,547	66,967	76,286
Debt	49,358	3,800	8,973	8,600	1,562
Debtors	1,23,622	92,195	61,579	70,000	81,111
Cash	74,754	87,639	64,811	31,149	33,608
Per Share Ratio (₹)					
EPS*	32.58	27.17	23.48	26.66	23.99
DPS	15.75	21.00	14.00	20.25	12.75
BVPS*	92.76	78.40	86.07	63.66	73.06
Margin Ratio (%)					
EBITDA Margin	9	10	10	12	12
Net Profit Margin	6	7	6	7	8
RoE	38	38	31	39	35
RoCE	35	37	30	38	34

* Figures for the FY 2022-23 has been reinstated due to issue of bonus shares.

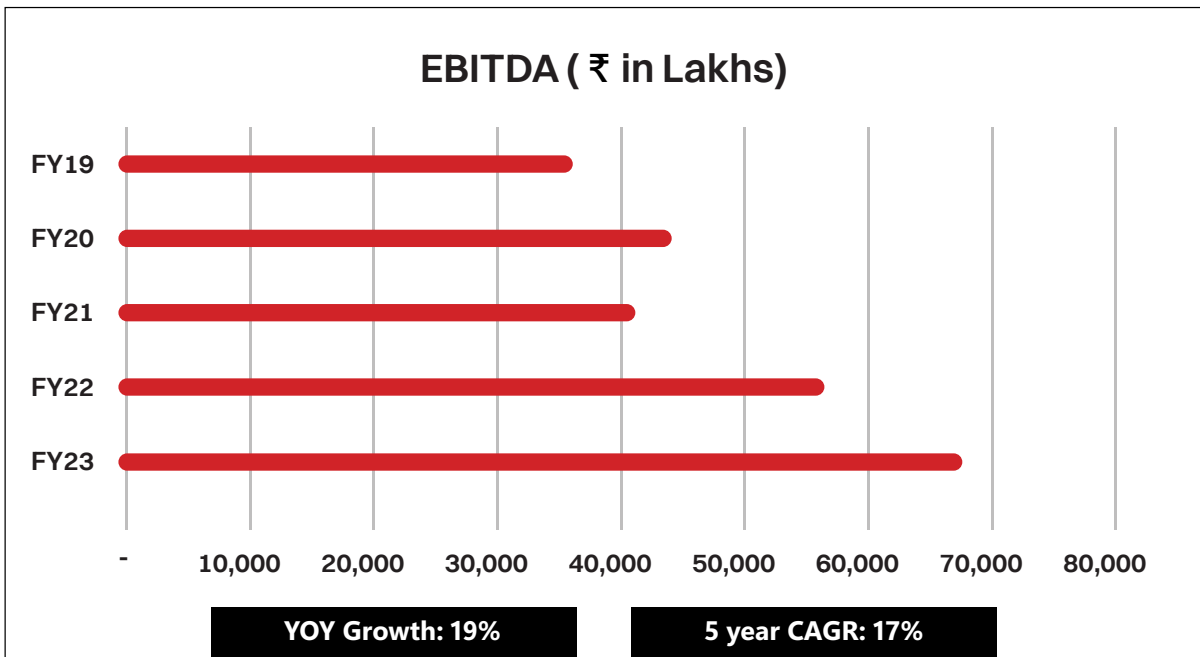
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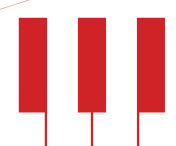
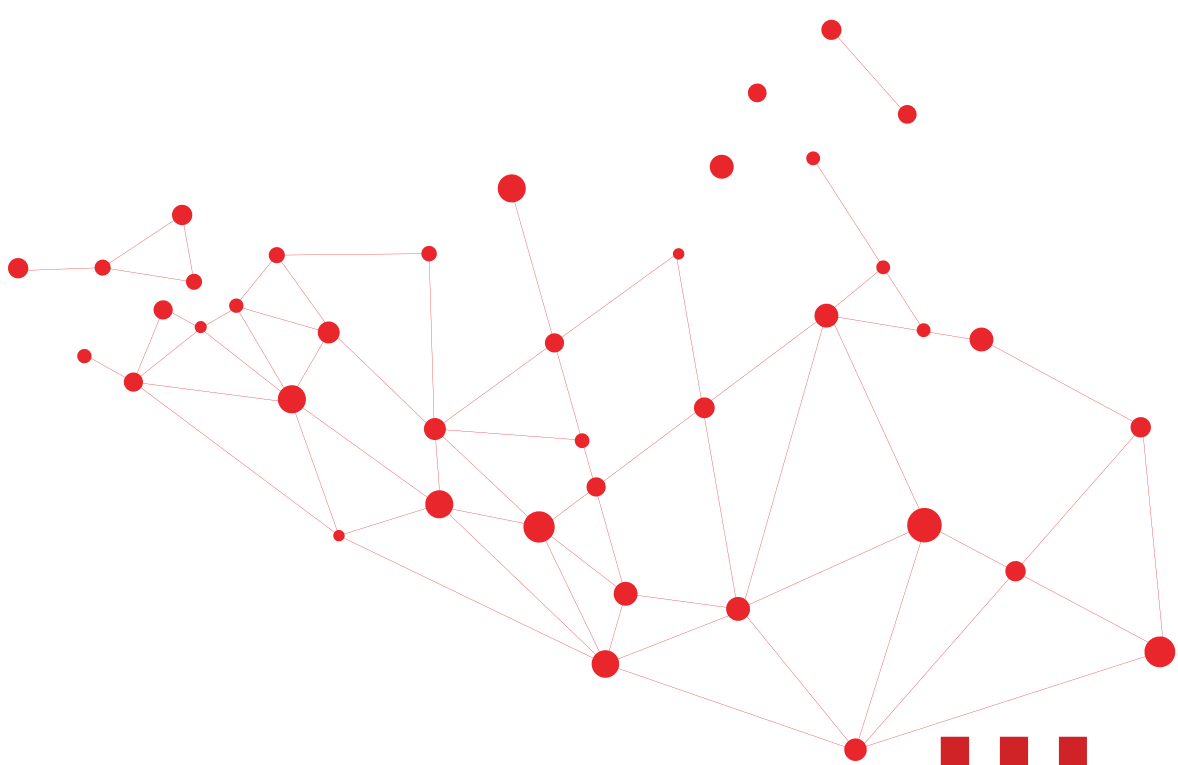
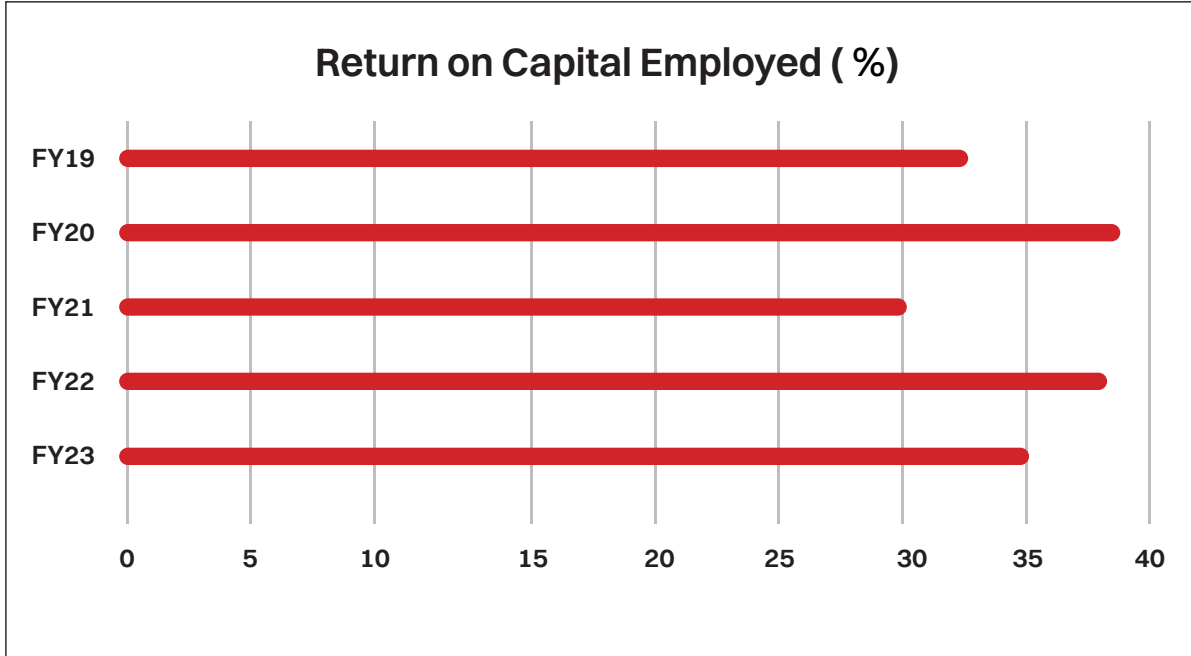
Key Financials	FY23	FY22	FY21	FY20	FY19
PAT	45,190	37,643	24,396	27,693	24,926



Key Financials	FY23	FY22	FY21	FY20	FY19
EBITDA	67,495	56,573	40,710	43,121	36,286



Key Financials	FY23	FY22	FY21	FY20	FY19
RoCE	35	37	30	38	34





STATUTORY REPORTS



Corporate Information

BOARD OF DIRECTORS

Pradip P Shah
Chairman

S B Ghia
Director

Viren Raheja
Director

P Srikar Reddy
Executive Vice Chairman & Whole-time Director
(effective Feb 14, 2023)

Samir Dhir
Managing Director & CEO
(effective Feb 14, 2023)

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
Samir Dhir

Nomination & Remuneration Committee
Sanjay K Asher, Chairman
Viren Raheja
Pradip P Shah

COMMITTEES OF THE BOARD

Corporate Social Responsibility Committee
Radhika Rajan, Chairperson
P Srikar Reddy
S B Ghia
Samir Dhir

Risk Management Committee
Pradip P Shah, Chairman
Viren Raheja
P Srikar Reddy
Samir Dhir

SOLICITORS

M/s Dua & Associates
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
M/s K& L Gates LLP
M/s Trilegal
M/s ALMT Legal

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Citibank NA
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HSBC Bank
Kotak Bank
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About this Report

Over the past three decades, Sonata has had a single-minded focus- to earn the respect of our stakeholders. It is no wonder then that a holistic appreciation of progress is inclusive of the universe of stakeholders from clients to communities, employees, suppliers, investors, and the regulators.

The financial and statutory data disclosed in the statutory sections of this report meet the requirements of the Companies Act, 2013 (including the rules made thereunder) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

Reporting Principles

Along with the framework, the report is in line with the applicable requirements and principles of the following:

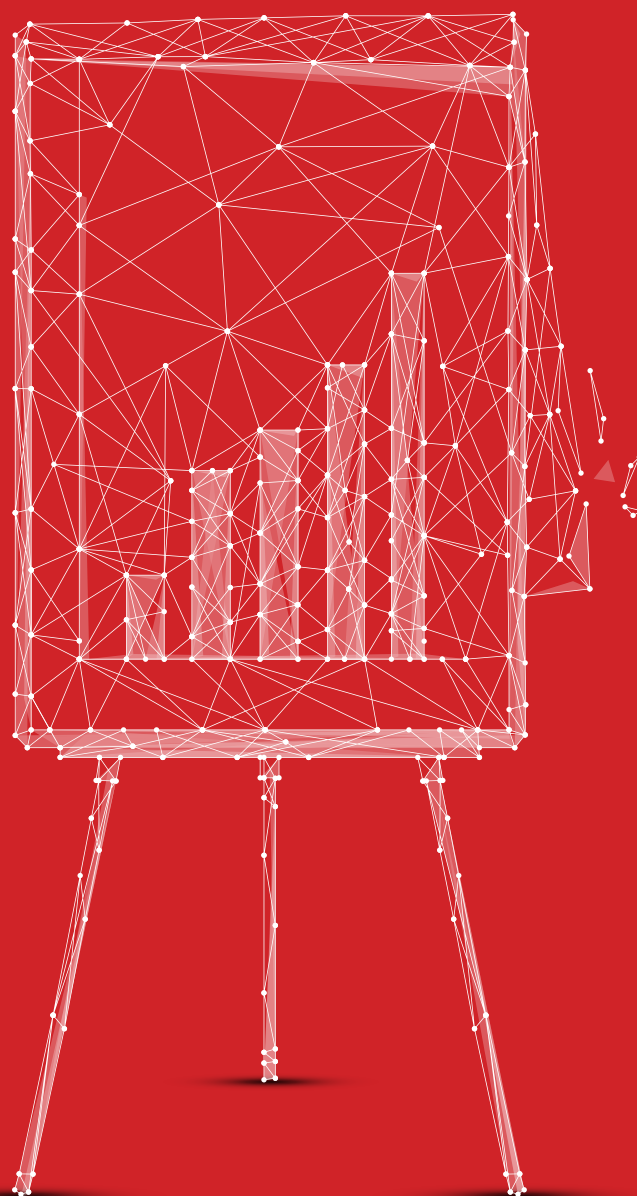
- **Companies Act, 2013 (and Rules made thereunder).**
- **Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.**
- **Secretarial standards issued by the Institute of Company Secretaries of India.**
- **Indian Accounting standards prescribed by the Institute of Chartered Accountants of India.**
- **The disclosures in the report also draw inspiration from the Global Reporting Initiative (GRI) framework and the principles of the United Nations Sustainable Development Goals (UN SDGs).**

Reporting Scope and Boundary

This report covers the performance of all our business verticals across our global operations. This includes operations in over 20 countries across the globe.

Approach to Materiality

This report presents our approach and performance on the issues that are material to us and our stakeholders. Our material topics cover key stakeholder concerns, which can substantially affect the organization's ability to create value over the short, medium, and long term. These have been identified, based on our interactions with our internal and external stakeholders.



Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) pertains to Sonata Software Limited (Sonata, or the Company) and its subsidiaries on a consolidated basis, unless otherwise stated. The MD&A 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 Indian 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.

Introduction

Sonata has had yet another successful year in FY23 with strong growth in both the International IT Services and Domestic IT Products segments, amid a challenging macroeconomic environment owing to geopolitical instability, along with moderating growth and very high inflation. We achieved industry-leading goals, won our single largest deal (~\$160 million) and undertook the biggest acquisition in our history, and added key large clients. Although the labor market situation has largely eased, supply in niche areas remains a problem. IT spends have moderated across sectors. However, opportunities continue to remain buoyant for modernization, consolidation, and in new technology areas. This is reflected in the strong demand for our offerings and response from our clients on the focus area of modernization.

We continue investing in front-end sales, tech consulting talent, ecosystem partnerships, and focus geographies and verticals. We have strengthened our partnerships with Microsoft, AWS, Salesforce, Google, and Industry partners. We also augmented our technology by creating a CTO organization and Delivery through fostering innovation with Sonata Spark.

Global Macro Environment Remain Challenging But IT Spends Remain Steady

Historically the IT-BP services industry has been immune to economic downturns given outsourcing & offshoring increase when enterprises want to optimize cost. Despite an expected economic slowdown, the global services market will remain resilient. Global IT spending was projected to total \$4.6 Tn in 2023, an increase of 5.1% from 2022, according to Gartner. Enterprises continue to adopt digital technology to reshape their revenue stream, adding new products/services, changing the cash flow of existing products/services, and changing the value proposition of existing products/services. The enterprises are leveraging alternative delivery strategies to optimize cost and gain access to talent.

Organizations are re-evaluating cost arbitrage sustainability across offshore/nearshore locations. Despite high inflation and talent pressures, offshore locations such as India will continue to offer meaningful cost arbitrage in the near future. New spending continues to shift to cloud options, as evidenced by an 11.3% projected growth in software spending in 2023.

Global IT Spending Trend (%)

	2022 Spending (\$ Bn)	2022 Growth (%)	2023 Spending (\$ Bn)	2023 Growth (%)	2024 Spending (\$ Bn)	2024 Growth (%)
Data Center Systems	216	13.7	224	3.7	237	6.1
Software	793	8.8	891	12.3	1007	13.1
Devices	717	-10.7	684	-4.6	759	11
IT Services	1,250	3.5	1,364	9.1	1,502	10.2
Communications Services	1,424	-1.8	1,479	3.9	1,536	3.8
Overall IT	4,401	0.5	4,643	5.5	5,043	8.6

Source: Gartner



SONATA: Redefining Focus Across Verticals and Markets to Drive Modernization

We have redefined our vertical focus and realigned go-forward structure in the US region towards our key verticals – Telecom, Media, and Technology (TMT); Retail & Manufacturing; Banking, Financial Services, and Insurance (BFSI); and Healthcare and Life Sciences (HLS). For RoW, we continue with the GEO structure, but have a defined focus on our key industry verticals across the UK, and Europe, APAC, and ANZ.

We will continue to grow our matured industry verticals – TMT, and Retail & Manufacturing – and invest in building strong sales and delivery capabilities in HLS and BFSI where we see strong growth opportunities over the next 3-5 years. We are also investing in building a local talent pool and delivery centers across our focus markets to amplify our capabilities and address customer needs, aligned with our “Play Big” approach.





Sonata Verticalizes its US Region to Power Hypergrowth

The US is the largest market for Sonata and we continue to grow as we added many new clients in this region including Fortune 500 enterprises, Global 2000 clients, large deals and multi-year annuity deals.

From an offerings perspective, cloud and data modernization continues to be our focus area along with other well-established offerings like ERP, Generative AI, Managed Services, IMS and Testing, resulting in a robust pipeline. We continue to make progress in TMT, Retail and Manufacturing clients. We added 2 new enterprise Fortune clients one each in BFSI and HLS vertical, they find their place in the Top 5 clients of Sonata. We delivered on our “Play Big” theme by winning mega deals in the US region.

We have opened new development center in Mexico and Costa Rica, which boosts our growth prospects in the region as we can deliver services locally for the US clients as well as act as a nearshore delivery center for Americas region.

Additionally, we have strengthened our leadership team in US to bring more focus on the industry verticals and our partnership with ecosystem partners. We have well-established partnerships in the region with large hyper scalers as well as specialized technology firms. Our localization strategy coupled with the focus on industry verticals will help us deliver valuable modernization services to our clients in this region.

Banking, Financial Services and Insurance (BFSI)

The BFSI industry has been at the forefront of digital transformation, with technology becoming an integral part of its operations. The industry is leveraging advanced technologies such as artificial intelligence, machine learning, blockchain, and cloud computing to improve efficiency, enhance customer experience, and stay ahead of the competition.

Our clients are leveraging Sonata’s expertise in the following focus areas:

- 1) Drive higher consumer adoption of their digital offerings.
- 2) Ensuring compliance and data privacy.
- 3) Reimagine existing applications and building scalable platforms.





Over the years, we have enabled BFSI companies to undergo digital transformation and stay ahead of the competition, by offering our high-quality, scalable, and secure IT solutions. Backed by our team of highly skilled professionals with expertise in cutting-edge technologies and regulatory compliance, our solutions help our clients achieve their strategic goals such as modernizing their core systems, monetizing data, adopting cloud, reducing costs, mitigating risks, and enhancing customer experience. Additionally, we have deep experience in supporting InsureTech platforms.

The outlook for IT spends in the BFSI industry is positive, as companies continue to prioritize digital transformation and customer experience.

Healthcare and Life Sciences (HLS)

The HLS sector is undergoing a rapid transformation, driven by advances in technology and changing demographics. As a fast-growing next-gen technology company delivering modernization and digital outcomes for enterprises, we see this as an opportunity to leverage our expertise in technology to help solve some of the biggest challenges facing the industry.

Our clients are leveraging Sonata's expertise in the following focus areas:

- 1) Enhancing member experience.
- 2) Enabling proactive services to enhance member care.
- 3) Reimagine existing applications and building scalable platforms ensuring compliance.

With our successful track record client services, delivery excellence, and technology innovation, we are excited to be at the forefront of this transformation in the HLS industry.

We are investing in further augmenting our capabilities to:

- Develop innovative solutions that improve patient outcomes: We are working closely with the HLS ecosystem to design innovative solutions, leveraging emerging technologies such as AI, IoT and Data Analytics, which can help them make more informed decisions, deliver better care, and reduce costs.
- Drive operational efficiency: We recognize that HLS organizations face significant cost pressures. Through the use of technology, we can help companies to streamline their workflows, reduce waste, and improve efficiency.
- Foster collaboration and knowledge sharing: We aspire to create platforms that enable collaboration and knowledge sharing to tackle one of the biggest challenges - the siloed nature of the healthcare industry. This can help enterprises deliver more coordinated and effective care.



Retail

Retailers are navigating unprecedented changes. Evolving customer journeys are leading to non-linear and infinite paths to purchase, which mandate creating connected, personalized, and adaptive experiences throughout. We call this 'Connected Retail'.

We are enabling retailers to reimagine business models, modernize their landscape and transform customer experiences across the pre-shop, shop, and post-shop journey. This modernization journey is anchored in our structured platform approach, helping deliver ubiquitous and omnichannel customer experience.

We are delivering 'Connected Retail' experience by bringing together all the elements in the journey of change, leveraging data and the Retail Industry Cloud:

- Modernizing legacy POS platforms to enhance customer experience at the point of purchase.
- Digitizing operations, in-store customer and associate experience.
- Transforming commerce for rapid adoption of D2C and brand propositions.
- Creating resilience in supply chains through data driven visibility and certainty solutions.
- Accelerating fulfilment through intelligent order and inventory management.


Manufacturing

The Manufacturing industry is constantly evolving and adapting to innovative business models to keep up with changing demands and ongoing disruption by digital adoption to fully realize the benefits of a connected ecosystem and improve operational efficiency.

Our clients are leveraging Sonata's expertise in the following focus areas:

- 1) Operational efficiencies.
- 2) Agile supply chain.
- 3) Enabling proactive services for consumer.
- 4) Reimagine existing applications and building scalable platforms ensuring compliance.

Operational efficiency is a critical business driver for manufacturers to stay ahead in the current digital age. An agile supply chain, with real-time visibility and insights into the entire distribution network from sourcing to storage to delivery, is a key enabler of efficient operations. To top it all, understanding end consumer behaviour and personalizing their experience is no longer a differentiation but has become the norm to gain and sustain customer loyalty. Platform-oriented approach and new digital technologies, we believe, will provide the ability for manufacturers to not only efficiently manage the supply chain ecosystem consisting of different players – suppliers, 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 to stay competitive with digital distribution platforms and solutions. Equipped with these solutions, manufacturers can establish an adaptive distribution network that can withstand the changing market dynamics and new distribution models.

Telecom, Media, Technology (TMT)

Overall, IT spend trends in TMT industries reflect a growing focus on digital transformation, cloud computing, and data analytics. As these industries continue to evolve, IT spending is likely to remain a key driver of innovation and growth. This bodes well for Sonata. It offers end-to-end digital transformation services to the TMT industry, enabling companies to enhance their digital capabilities, improve customer experience, and develop and launch new products.

Product Engineering: Our clients continue to build new products, add new capability in existing and modernize their product stack leveraging the emerging technology to provide superior experience to their customers.

Cloud computing: MT companies are investing heavily in cloud computing to improve scalability, reduce costs, and enhance data security. Cloud-based solutions are particularly important for telecom companies that are expanding their networks and need to manage large volumes of data, and for media companies that are increasingly relying on streaming and other digital platforms.

5G Network Infrastructure Edge computing: Telecom companies are investing heavily in 5G network infrastructure, including servers, routers, and other network components, to support new applications and services, such as IoT devices and autonomous vehicles.

Data analytics and AI: TMT companies are investing in data analytics and AI to improve customer experiences, personalize content, and gain insights into consumer behaviour. Telecom companies are also using AI to automate network management tasks and optimize network performance.

The TMT industry is undergoing significant digital transformation as it adapts to changing consumer behaviour and new technology trends. This includes investments in digital platforms, mobile applications, and other technologies that enable new business models and revenue streams.



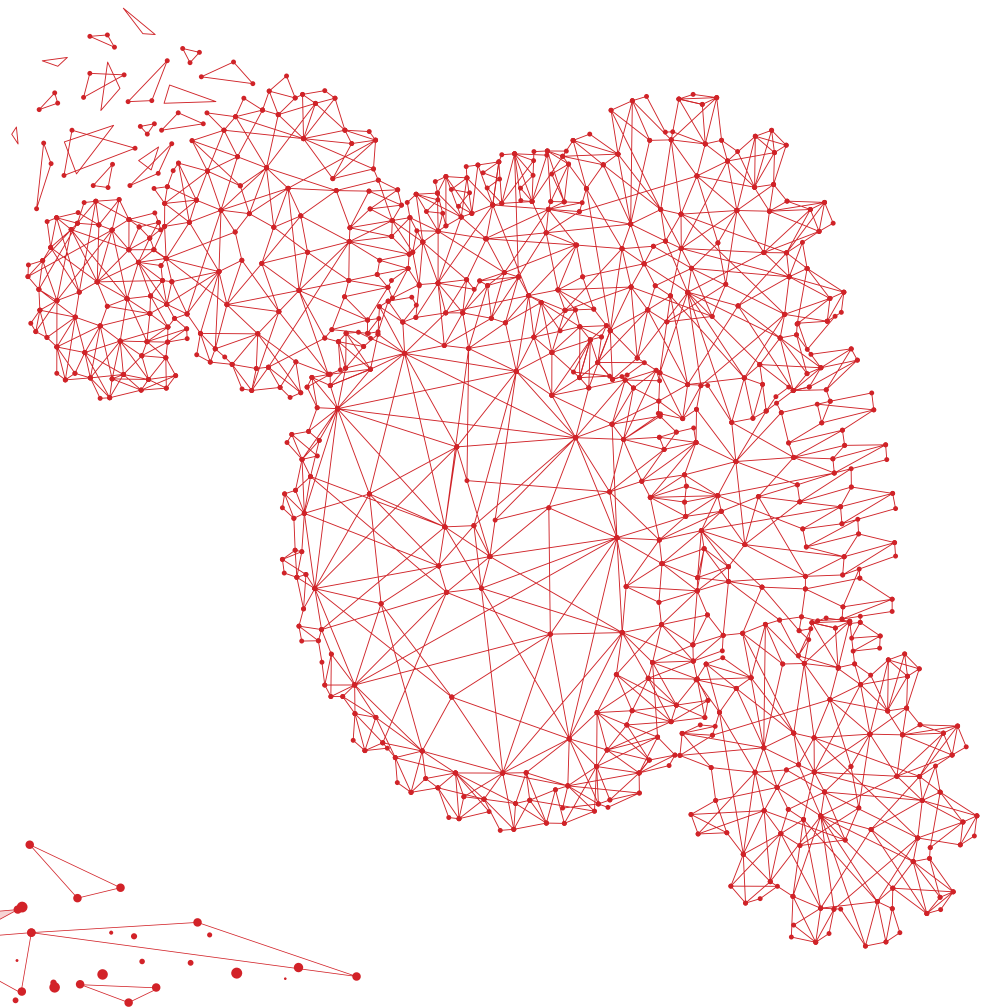


Microsoft

Microsoft continues to lead Sonata's Top 5 Clients list and remains its long-standing partner. During our 30 years of strategic partnership, Sonata successfully delivered across consulting services, product engineering, implementation of Microsoft products like MS Dynamics and Customer Services support. We have built best-in-class Modernization solutions around Microsoft Azure, Data, Dynamics, and Digital Contact Centre and are helping the enterprises across the globe to leverage their full potential.

In FY 23, we not only made into their exclusive inner circle, but also became Microsoft Cloud Partner. The Sonata team got an opportunity to work with Microsoft Team on a couple of their key initiatives that are going to create paradigm shift in the area of Data and AI.

We continue to remain committed and invested in this partnership and look forward to enabling Microsoft and their clients to achieve their business and technology goals with our modernization solutions.



UK and Europe

The UK and Europe region for Sonata, continue to grow at a much faster rate as we added many new clients in this region including Fortune 500 enterprises, large deals and multi-year annuity deals. From an offerings perspective, cloud and data modernization continues to be our focus area along with other well-established offerings like ERP, Managed Services, IMS and Testing, resulting in a robust pipeline. We continue to make progress in Travel, TMT, Retail and Manufacturing clients in the region. We strengthened our sales and solution investments in the region during the year to “Play Big” in the region.

We opened our new development centre in Ireland, which boosts our growth prospects in the region as we can deliver services locally for the UK and Ireland as well as act as a nearshore delivery centre for the Europe region.

In line with our strategy of developing a partner ecosystem, we now have well-established partnerships in the region with large hyper scalers as well as specialized technology firms. This creates new opportunities and also forms part of the entry strategy to Sonata’s invest verticals BFSI and HLS.



ANZ

As organizations in ANZ continue to invest in digital transformation, cloud computing, data analytics, and cybersecurity, IT spending is likely to remain strong in the coming years. ANZ is a strategic location for Sonata, and we have invested to build strong local presence and delivery capacity across key customer locations in Brisbane, Melbourne, and Sydney.

We are continuing to drive and scale business as our clients continue to leverage technology to drive digital experiences for their consumers and customers, reduce cycle time and focus on compliance and security.

Over the years, we have made significant progress in the Retail, Manufacturing and TMT industries in the region. During the year, we expanded our talent base in the region significantly and delivered multiple transformation programs for top clients in the region. We have signed multiple large deals and see significant opportunities to grow and expand our presence in the ANZ region.

APAC

India has been a popular destination for IT services Global Inhouse Centres (GICs) due to its large pool of skilled talent, favorable government policies, cost benefit and a robust IT infrastructure.

Many companies have established their GICs in India to take advantage of these benefits. We are taking a strategic view on this and plan to leverage our local delivery and sales capabilities to script our growth story. We have been traditionally looking at engaging with established GICs for Professional Services and Managed Services requirements.

We continue to gain market share by focusing on innovative models for larger revenue share by Build Operate Transfer (BOT) model for GICs who want to establish captives in India and Roll out a Rebadging/takeover and run proposition for captives.

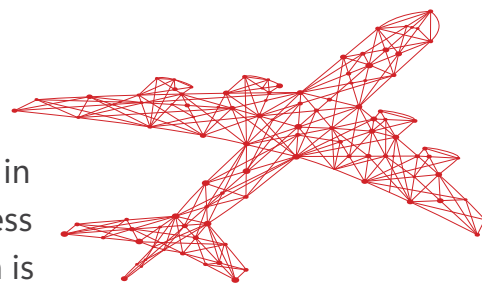
We have been a dominant product selling force in India for decades with inroads into large enterprise accounts. We are leveraging our strong India business relationships and capabilities to develop a robust APAC portfolio of large accounts by unlocking the growth potential through our India business customers and extending the technology services. We are also building strong partnerships in the region, localizing solutions and service offerings that meet the requirements of the local audience. Investing in our talent pool is one of the key elements of our growth strategy. We are building competencies through training and development programs to help employees acquire the necessary digital skills and knowledge to excel in their roles. We will continue to utilize our proven Platformation™ framework to enable our customers to embrace digital transformation and modernize their IT landscape.



Operational Review

International Business

Sonata International Business showed resilience in its business in FY23 with 18.6% Y-o-Y growth rate. Sonata International Business delivered industry leading growth rates in Q3 & Q4 FY23 which is testimony that the strategy refresh rolled out at the beginning of FY23 is resonating with our clients.



Our success in FY23 is the result of below mentioned strategy delivering great results

- 1. Verticalized US Operations** – We were able to deliver more value to our clients by moving into the vertical structure of
 - a. Harvest Verticals** - Retail & Manufacturing and TMT (Telecom, Media & Technology)
 - b. Invest Verticals** - BFSI and HLS

This helped in scaling our business with existing clients and delivering new services to them. We added over 10+ new enterprise clients across these verticals and 3 of them which moved into the Top 5 clients list.

- 2. Market focus** – Expanding our business in Nordics region is our focus and we have invested in hiring new sales in this region talent including the Sales Head for Nordics.
- 3. Large Deals** – Our unparalleled focus to win large deals with existing and new clients has been key for our growth in FY23. We won over 10 large deals in FY23 providing diverse services to our existing & new clients. This is the bedrock for us to build on and win many more deals in the upcoming years.
- 4. Modernization Services** – Our clients have found our suite of modernization services relevant & aligned to their strategy. This has helped us construct deals to provide digital modernization services which improves consumer experience & growth of their business coupled with cost take-out deals which helps in improving efficiencies and funding the transformation journey.

We won our largest-ever contract with a total contract value (TCV) of \$160 million with a US-based consumer retail company **backed by one of the largest Private Equity firm, have strong cash flow, and generating double digit profitability.** The client, which is a net-new logo for Sonata, makes a direct entry in our 'Top 5 Clients' list.

The 10-year Strategic Modernization deal will entail Sonata taking over all the technology towers including:

- People transfer, which supports our US localization strategy.
- Responsible for end-to-end IT modernization and transformation.

We are building a single platform of the future solution to modernize & transform the core business application suite, creating an Omnichannel and connected organization with a customer 360-degree view. We will bring our expertise & skills Azure, AWS, Enterprise Data, Hyper Automation, Cloud optimization, and CRM to modernize their business.

India Business

Sonata Information Technology Limited (SITL) had yet another stellar year, where our customer focus and technology expertise saw several deals and deployments. Overall, our India business grew by 26% in revenue and 25% in Gross Contribution (GC). SITL's Microsoft business grew 30% in revenue terms and 23% in Gross Contribution (GC). A number of existing customers across a range of industries renewed large, multi-year contracts. The growth in existing customers, which included additional licenses and new products, was more than 20% YoY. The number of customers utilizing Microsoft Infra Services and Managed Services grew by more than 25%.

A health insurance company, which currently has all its applications co-hosted with TCL, wanted to improve its customer experience and get real-time data to move its critical applications like claims, policy issuance/renewals as well as internal applications to the cloud and then modernize the same. We have been identified as the strategic partner for the cloud migration and awarded the contract for AWS. Its current consumption of AWS Cloud is \$220,000 a year, which is expected to grow to \$500,000 in the next 1-2 years.

One of the leading NBFCs in India chose Sonata as its AWS partner. We will enable the company to optimize cost (Finops) on a regular basis. It has Disaster Recovery workload on-premise, which will be migrated to the cloud, with Sonata as the partner. The NBFC currently consumes around \$1.27 million a year, which is expected to reach \$1.8-2.0 million in the next 3-6 months.

An omnichannel marketing automation platform on the cloud, previously hosted on IBM Cloud, faced challenges with performance, scalability, and data leakage. To address these challenges, the company sought Sonata's expertise to migrate its applications from IBM Cloud to Google Cloud and enhance its analytical use cases using various solutions from Google Analytics. The company currently consumes cloud services of ~\$250,000 a month (\$3 million a year) with an expected growth to ~\$6 million a year over the next 2-3 years.

A global IT services company opted for Sonata's expertise to implement the Google Cloud platform as part of their multi-cloud strategy. We enabled it to migrate workloads, such as Palo Alto, to Google Cloud. Currently, we are in the process of migrating 1,300 on-premise virtual machines to Google Cloud. The company's present consumption is around \$200,000 a month (\$2.4 million a year), which is expected to grow to ~\$5 million a year over the next 2-3 years.



Quant Systems Acquisition

Sonata Software acquired Quant Systems Inc., which brought about significant benefits in terms of its vertical presence in the BFSI and HLS sectors. This acquisition will enable us to expand our existing account portfolio and offer more specialized services in the finance and healthcare domains.

In addition, the acquisition provides access to a rich talent pool of Salesforce experts, data privacy specialists, and engineering professionals in the US, which enhanced our capabilities in these areas. Further, it has augmented our nearshore capabilities in Mexico and Costa Rica. We will now be able to provide faster and more efficient services to our clients in North and South America while reducing costs and improving overall quality.

Last but not the least, the acquisition has expanded our intellectual property portfolio, enhancing our competitive edge and further strengthen our position as a market leader in the IT industry.

Delivery Excellence

Sonata Software has achieved significant progress in enhancing its delivery processes and systems to provide an exceptional client experience to its customers and our commitment to being a digital partner for our customers encompasses delivering value throughout the entire lifecycle, right from pre-sales, project execution, post production support. The key factors contributing to our success include responsiveness, attitude of people, quality of delivery, and effective governance. To ensure adherence to recommended processes, including digital delivery, the establishment of the CCoE (Customer Center of Excellence) model is crucial.

We have implemented several measures to strengthen our delivery capabilities, aligning delivery organization to Verticals and Geographies, reinforcing delivery leadership, and establishing a Delivery Council. These initiatives have resulted in better customer satisfaction and health of engagements. Furthermore, we have revitalized our delivery methodology, provided training to our team members and project managers, and bolstered our competencies in Salesforce, ServiceNow, and MetricStream capabilities.

In addition to enhancing our domain expertise through the University model with global learning paths for skill development, our Digital Innovation Group collaborates on emerging technology areas to define innovative product and service offerings. A notable example is that we have secured assignments in ChatGPT areas.

To maintain our commitment to quality, we have successfully completed ISO certification audits for Sonata Software Ltd, including unification of Sonata GBW Australia and Malaysia sites under overall ISO9001:2015 Certification umbrella during 1st surveillance audit, added our new global centers in Ireland and Canada during ISO27001 recertification audit and ISO20000-1:2018 recertification audit. We have successfully completed ISO9001:2015 Recertification audit, 1st surveillance audits for ISO20000-1:2018 and ISO27001:2013 for cloud management and support services for Sonata Information Technology Limited. We successfully completed Azure Expert Managed Services Program Progress Audit from Microsoft.

Launched our new Quality Management System website, Q-Harmony, which is securely accessible and available anytime and anywhere for Sonatians, with following key changes: new structure to support inclusion of competency-specific process artifacts and assets based on methodology and project type, Alignment for CMMI 2.0 changes, process asset library containing knowledge repositories, delivery models, tools and automation, internal and external benchmark reports.



To streamline project delivery and ensure efficiency, Digital Delivery framework is rolled out for all major competencies such as Microsoft Platform Engineering, Ecommerce, Microsoft Dynamics, Open Source Platform Engineering and Data & Analytics. Competency specific reusable assets and accelerators are collated and published in the Reusable Asset Tracker Application, which is for easy search and view.

In our pursuit of continuous improvement, we have completed our second cycle of NPS (Net Promoter Score) survey and this helps in evaluating the customer stickiness and gaining insights to strengthen Sonata's strategy for growing partnerships with Strategic customers, harvest in chosen verticals and markets. The stakeholder response coverage has increased by 117%, NPS % has increased by 120% and Average NPS score has increased by 7%.

For a large European cooperative farm supply company, consisting of a number of agro-industrial companies, Sonata has successfully implemented our CTRM solution to manage contracts (buy, sell & store commodities) & development of bespoke solutions to handle grain quality tests and delivered more than 200 complex change requests and integrations. This helped customer to run their business with increased transparency and easier operations thus improving efficiency of business, reduced carbon footprint with eco-friendly processes implemented by Sonata with 30% less paper prints.

For a Leading European Travel Company, Sonata has successfully delivered the first version of One Selling Platform (common platform for all the regions) to production for the Western Region with Flight Only and Packages with complex integration to own inventory system. This helped in cost optimization for infrastructure, and reduced costs on 3rd Party inventory systems and different technologies used in web development.

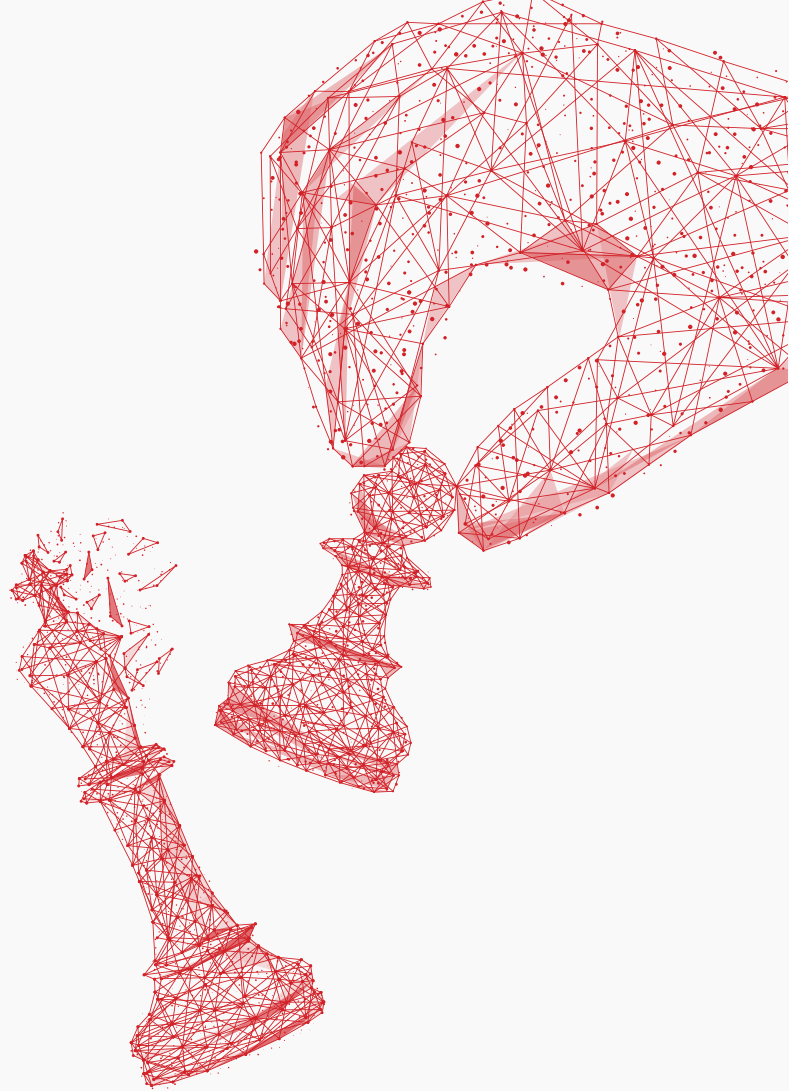
For a large Australian retail conglomerate, Sonata has successfully delivered a new web application, Voucher Management system (VMS) and a Centralized Database (COR) to store all the sales transaction data, Voucher/Promotions related data and manage the Promotions, Event and Voucher management lifecycle effectively. The key benefits delivered through this solution include ability to support personalized marketing, flexibility to create vouchers quickly.

For a large American multinational corporation dealing with medical devices, pharmaceuticals, and consumer packaged goods, Sonata team is providing Performance Testing and Engineering services and tested applications/releases delivering several scripts across technologies like SAP, Salesforce, Web, Mobile, Citrix, Legacy technologies with zero leakage performance testing service. Created reusable libraries and scripts to enable 30% cost benefits to customer for ongoing projects over releases.

Marketing Initiatives

Brand Sonata is a key intangible asset. We aim to re-energize our Brand to stay relevant for our customers and talent, in the fast-changing world order.

FY 23 witnessed the beginning of our journey to position Sonata Software as a Modernization Engineering company powered by our unique Platformation™ framework. On the talent front, we would want Sonata to be the preferred choice of the global talent that has a “Play Big” mindset.



Highlights of Strategic Brand-Enhancing Initiatives During FY23

- Launched the “Play Big” campaign, to energize Sonatians and infuse a sense of belief and confidence to go for the hypergrowth, with a single-minded passion.
- Launched aggressive Social Media Campaign to gain Brand visibility and mindshare among the key stakeholders.
- Participated in key Industry Events – MS Dynamics World, Agri Tech Summit 2022, among others.
- Conducted a hugely successful Bespoke event in Bengaluru around SITL's cloud capabilities – ‘Sonata for Everything Cloud’ – with Devdutt Pattanaik as the keynote speaker.
- Heightened focus on Analyst Relations and PR Activities.
- Promoted our Thought leaders and Thought leadership articles.
- Increased buzz around internal events like Sonata Spark, TechFest, Annual Sales Event ‘SOAR’.
- Sponsored Women’s Cricket Team of Mumbai Indians, as part of our endeavor to promote D&I and Women empowerment.



Material Developments in Human Resources

Investing in people, strengthening leadership pipeline to fuel our growth, we continued to make key investments in people at all levels. During FY23, we hired

1,678 Sonatians,

along with

493 Trainees,

taking the total headcount to

6,000+ Across the Globe

Further, several key leaders across different functions were onboarded globally to strengthen our leadership pipeline, which set us on course to deliver our strategic growth objectives.



Key Additions to the Senior Leadership Team During FY23

Samir Dhir

Managing Director & Chief Executive Officer

Raghav Dave

Head of Sales, HLS, US

Roshan Kumar Shetty

Chief Revenue Officer

Rajashekhara Tavarakere

Delivery Head, UK, Ireland & Europe

Anthony Lange

Global Partner Officer

Keerthi Rannore

Head of Global Talent Acquisition

Balaji Kumar

Chief Human Resources Officer

Anand Nair

Head of Sales, APAC

Hemant Kumar Bhardwaj

Chief Marketing Officer

Ashok Mysore

Vice President - Cloud Growth Business, SITL

Sathish Nuggu

Senior Vice President - Client Services Delivery Portfolio

Murthy Mulugu

Head of IP Engineering

Manu Swami

Head of Technology (Markets)

Sharvari Lingayat

Head of Global Business HR

Santos Jha

Head of Sales, BFSI, US

Learning and Development

We believe that investment in capability building provides a competitive edge. In line with that belief, we continued to invest in enriching our human capital. As part of the learning ecosystem, our talent has access to more than 700 programs and certifications covering more than 70% of the talent pool. The flagship Unified Engineering Program provides a structured, curriculum-driven learning roadmap; covered 72% of engineers from various competencies during FY23. The onboarding program for campus hires – Launchpad – was revamped to enable them with better client-facing skills and ensure a smoother transition into the corporate world.

We invested an average of 7.5 training days per employee in FY23. External certification in the areas of cloud and other technologies has multiplied with the help of our enterprise partners.

Other investments made in developing capabilities

493

freshers completed a rigorous 3-month training in their respective areas.

100

trained and certified in various AWS skills and ~250 people Azure certified.

72%

of the competency team members covered under the Unified full stack programs.

A learning plan for

150

D365 PMs was curated and deployed.

400

people were trained under the cross-skilling umbrella and deployed to various projects.

In FY23, we launched the Sonata University branded as SCALE (Sonata Career Academy for Learning Excellence) as the umbrella platform for driving capability building across different segments. Sonata University has been designed to meet the rising needs of learning at a global scale across technology, domain, functional, and behavioral skills. This virtual university will cater to diverse learning assessment development and practical training needs of learners across the globe.



Diversity and Inclusion

Our Commitment to Diversity and Inclusion

Diversity and inclusion are central to Sonata's mission and culture. In FY23, we took bold steps to accelerate our D&I strategy through new governance, programs and partnerships that build belongingness and opportunities for all.

Shaping Our Strategy: Establishing a D&I Council

In line with our commitment, in FY23, we established our Global Diversity and Inclusion Council. Comprised of leaders representing Sonata's mosaic of backgrounds, the Council is tasked with spearheading the D&I roadmap for Sonata globally.

Empowering Our People: Employee Resource Groups

Employee resource groups empower and connect those with shared experiences. Our women's network, SWAN group established in FY23 which covers all Sonata global women population, offering mentorship and professional development while advising on gender equity issues. New groups will launch in FY24 for cultural diversity, LGBTQ inclusion and disability advocates. Through community, we make progress.

Accelerating Opportunity: Equitable Recruiting and Hiring

Sonata believes equity means creating pathways for all talent to achieve their purpose. In FY23, 30% of our new colleagues were women, 385 women colleagues were onboarded, up from 26% the year prior, though we aim higher. We will set bold FY24 goals for underrepresented groups, including in technology roles. Our partnerships accessing diverse talent and global on-campus recruiting at leading universities worldwide fuel our D&I agenda—their potential accelerates our shared future.

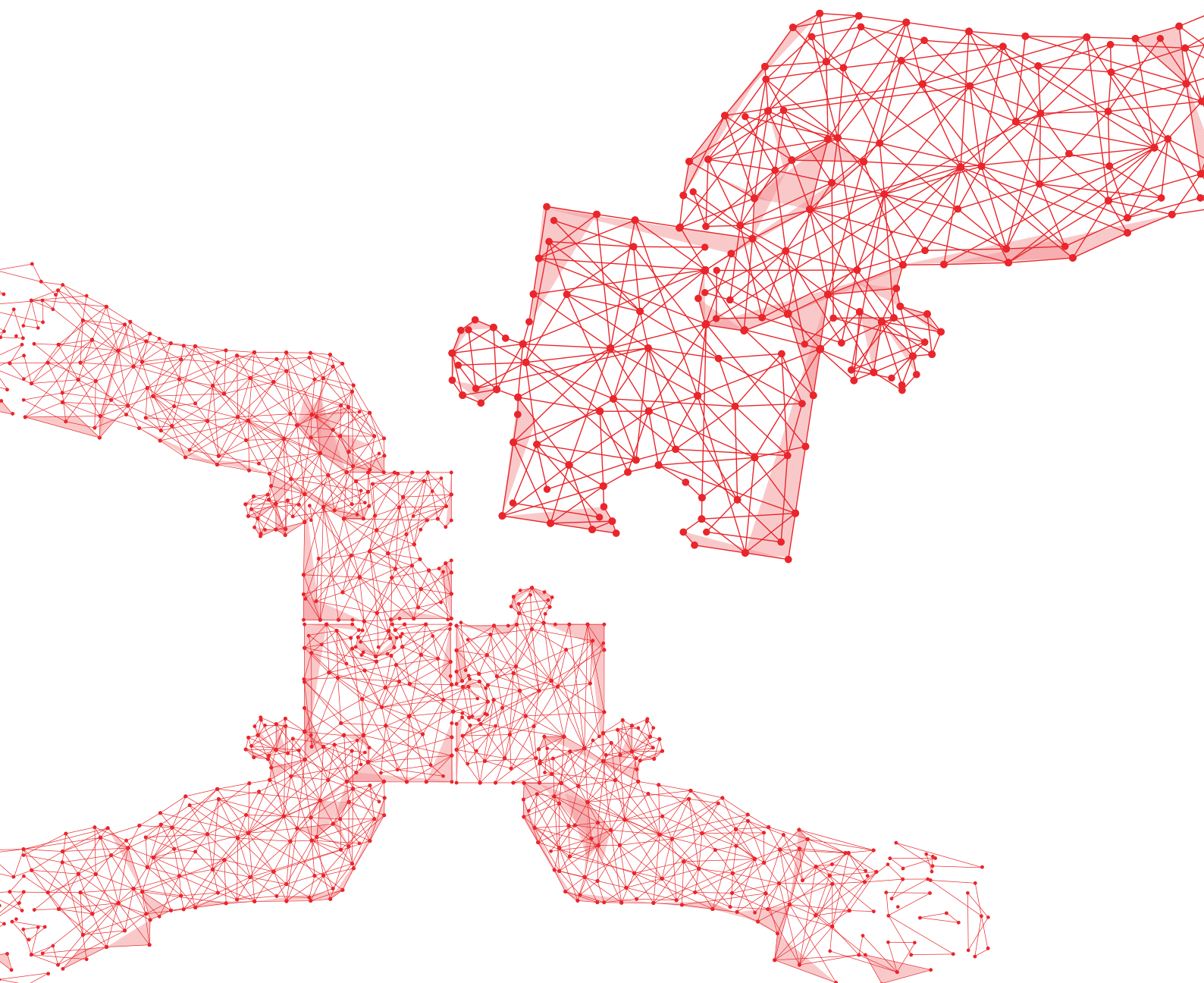
Building a Culture of Belonging: Our Vision

True inclusion unleashes human potential. At Sonata, every Sonatian's identity shapes our shared identity. We want all colleagues to bring their full selves to work each day, so that their background opens doors—not closes them. At Sonata, people come first. Our differences make the difference. Our future will mark the unleashing of these differences through inclusiveness, and together, we rise and "Play Big".



**“ We share our similarities,
celebrate our differences
in Sonata. ”**

**Xinwen Liang,
Chairperson, D&I Council, Sonata Software**



Corporate Social Responsibility

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. Our overall CSR vision aims to enhance value creation in the community by promoting sustained growth in society and the community through Sonata's services, conduct, and initiatives. The CSR vision aims to operate the business in an economically, socially, and environmentally sustainable manner while recognizing the interests of all stakeholders, including the community.

Our focus areas include:

Resource Efficiency: We encourage and promote the use of reusable ceramic cups to replace paper cups, organic bio-tech products for housekeeping consumables, water aerators, and the HUIDA bathroom water management system. By reducing waste and conserving resources, we aim to minimize our environmental impact.

Transparency: Our commitment to transparency is reflected in our Business Responsibility and Sustainability Report (BRSR), which provides disclosure on our environmental impact and sustainability efforts. The report enables our stakeholders understand Sonata's approach to sustainability and holds us accountable for our sustainability performance.

Employee Engagement: We organize various training programs, webinars, quizzes, and competitions with our employees to raise awareness about environmental, social, and governance (ESG) issues, as well as workplace safety and mental health. By engaging employees in sustainability efforts, we aim to foster a culture of responsibility and accountability.

Highlights of Projects Aimed at Achieving Sustainability Goals

DHF: This project supports the restoration of the Rang Mahal Hyderabad heritage site and engagement with the local community. By preserving heritage and promoting tourism, this project aims to promote sustainable economic growth.

OGQ (Olympic Gold Quest): This project provides support to Indian athletes for the Paris 2024 Olympics and Paralympics. By supporting athletes and promoting sports, this project aims to enhance the social and economic well-being of the community.

Farmers for Forest (Efficient Ecosystem Protection Association): This project focuses on the plantation of 6,000 trees on 15 acres of degraded agricultural land in the Gadchiroli district, Maharashtra. By sequestering carbon dioxide and increasing biodiversity, this project aims to contribute to climate change mitigation and environmental conservation.



Centum Foundation: This project promotes diversity and inclusion by providing IT skills training to underserved and underprivileged youth, including women and persons with disabilities. By promoting skill development and increasing employability, this project aims to enhance social equity and economic growth.

MAP (Museum of Art and Photography): This project promotes art, culture, and education by establishing the Museum of Art and Photography in Bengaluru. By providing access to art and education, this project aims to enhance the social and cultural well-being of the community.

Segment-wise Overview

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

- International IT Services contributed 26% of total revenues and 69% of PAT
- Domestic IT Products contributed 74% of the total revenues and 31% of PAT

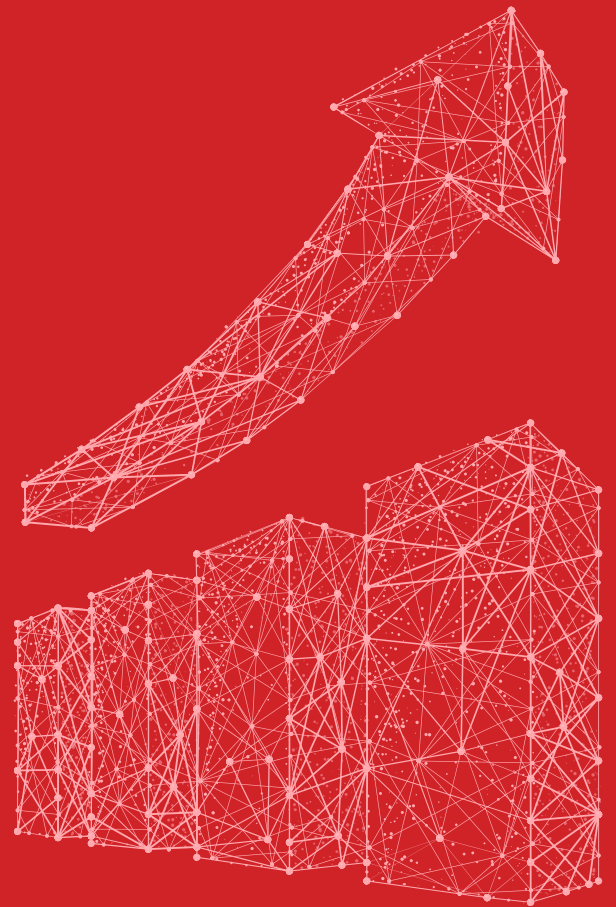
During the year, the International Services revenues stood at ₹ 192,035 Lakhs (USD 241 million) an increase of 29% on Y-o-Y basis. Domestic IT Products revenues stood at ₹ 554,001 lakhs. The total consolidated revenue stood at ₹ 744,912 lakhs a growth of 34% on Y-o-Y basis.

The company added 17 new logos and 59 new customers during the year across verticals, and regions in the International IT Services segment.

From a geographical perspective, the US contributed 52% to our international IT services revenues, followed by Europe (including the UK) contributing 20% while APAC & ANZ together contributed 28%.

From a vertical perspective, our 'Harvest Verticals' TMT contributed 33% and retail & manufacturing contributed 39%. Our newly introduced 'Invest Verticals' made significant strides with HLS contributing 11% and BFSI 8%. The 'Emerging Verticals' contributed 9% of the revenues.

The above highlights reflect Sonata's endeavors to reposition itself as a modernization engineering company that is committed to enable its clients gain a competitive advantage with its future-ready digital transformation solutions and services.



Financial Overview

Consolidated Financial Highlights:

The Company is engaged in the business of 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:

Particulars	2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)	YoY Growth %
Revenue	744,912	555,337	34%
EBITDA	67,495	56,573	19%
Interest & Depreciation	7,767	6,537	19%
PAT	45,190	37,643	20%
EPS (₹)	32.58	27.17	20%

Total Income: Total income increased by 33% from ₹ 565,535 lakhs in 2021-22 to ₹ 751,994 lakhs in 2022-23 largely owing to the increase in revenue from international IT services and domestic products & services.

EBITDA: The EBITDA margin stood at 9% in 2022-23.

Profit After Tax : The Net Profit margin was at 6% in 2022-23.

Interest and Borrowings: The interest cost for the year 2022-23 is ₹ 1,854 lakhs, out of which interest expense on lease liability as per Ind AS 116 is ₹ 1,095 lakhs. The Company had a Net Cash balance of ₹ 74,754 lakhs (including investment in Mutual Funds and net of bank borrowing repayable in one year).

Capital Employed: The Capital Employed is ₹ 179,423 lakhs in 2022-23. The Return on Average Capital Employed (ROCE) for the year ended 31st March, 2023 was reported at 35% as against 37% for the year ended 31st March, 2022.

Net Worth: The Net Worth is ₹ 130,065 lakhs in 2022-23. The Return on Average Net Worth (RONW) for the year ended 31st March, 2023 was reported at 38% as against 38% for the year ended 31st March, 2022.

Fixed Assets: The Company's fixed assets which includes property, plant, equipment, intangibles and goodwill is ₹ 174,454 lakhs as at 31st March, 2023 and accumulated depreciation / amortization as at 31st March, 2023 is ₹ 9,508 lakhs.

Working Capital Management: Days sales outstanding for international IT services increased from 40 Days in 2021-22 to 45 days in 2022-23.

Standalone Financial Highlights

Particulars	2022-23 (₹ in Lakhs)	2021-22 (₹ in Lakhs)	YoY Growth %
Revenue	92,086	75,814	21%
EBITDA	28,964	30,656	-6%
Interest & Depreciation	2,547	2,633	-3%
PAT	22,037	23,519	-6%
EPS (₹)	15.89	16.97	-6%

Total Income: Income increased by 17% from ₹ 92,238 lakhs in 2021-22 to ₹ 108,054 lakhs in 2022-23.

EBITDA: EBITDA decreased by 6% from ₹ 30,656 lakhs in 2021-22 to ₹ 28,964 lakhs in 2022-23.

Profit After Tax: Profit after Tax decreased 6% from ₹ 23,519 lakhs in 2021-22 to ₹ 22,037 lakhs in 2022-23.

Interest and Borrowings: The interest cost for the year 2022-23 is ₹ 696 lakhs, out of which interest expense on lease liability as per Ind AS 116 is ₹ 671 lakhs. The Company had a Net Cash balance of ₹ 21,369 lakhs (including investment in Mutual Funds net of borrowings).

Capital Employed: The Capital Employed is ₹ 55,422 lakhs in 2022-23. The Return on Average Capital Employed (ROCE) for the year ended 31st March, 2023 was reported at 39% as against 44% for the year ended 31st March, 2022.

Net Worth: The Net Worth is ₹ 55,360 lakhs in 2022-23. The Return on Average Net worth (RONW) for the year ended 31st March, 2023 was reported at 39% as against 43% for the year ended 31st March, 2022.

Property, Plant and Equipment: The Company's fixed assets which include property, plant, equipment and goodwill is ₹ 5,401 lakhs as of 31st March, 2023 and depreciation/amortization for the year is ₹ 1,851 lakhs.

Risks and Concerns



Nature of Risk	Risk Explanation	Risk Mitigation
Client Concentration	Client concentration can adversely impact the Company's business if there is no strategy to increase focus on expanding enterprise accounts.	The Company to work towards having a pyramid structure with the accounts in different revenue categories, which will help de-risk the impact on the accounts.
Macroeconomic	The Company's business may be adversely impacted by unforeseen economic reforms and events in the country it serves in. Secondly, fed continuing interest rate hikes resulting in a slowdown across industries.	<p>The Company has a diversified geographical presence and has always maintained healthy and long-standing relationship with its clients in partnering with them as their IT solution provider and adding value to their businesses. These have resulted in minimal impact to the overall business of the Company.</p> <p>The Company to continue with the momentum to gain market share. It needs to Invest in the future, so Sonata can rapidly gain market share during and after the potential slowdown.</p>
Cyber Security	The Company's business may be impacted by Cybersecurity breach, if any.	<p>The Company to continue to engage external SMEs for a security audit.</p> <p>Periodically review insurance limits for Cybersecurity incidents to hedge the Company's risk effectively.</p>
Diversity	<p>Anti-discrimination, harassment suits in the international geographies.</p> <p>Hiring predominantly from a particular ethnicity is likely to invite allegations of bias. Further, with a diverse/ localized workforce, our policies, conduct of managers etc., need to be such that they do not expose us to these risks.</p>	<p>The Company sets target % of roles that should be manned by local talent. At the same time, a defined Recruitment policy that encourages the hiring of local talent and review existing policies to see if they are non-discriminatory. the company to spread awareness and conduct trainings on diversity.</p>
Bad Transaction	It can lead to losses arising out of clients defaulting on payment or client refusing to pay.	<p>The Company strives to continue to remain as a critical partner and with significant market share. In such cases the OEMs step in to help-out, as they don't want too much disruption in business with respect to significant partners.</p> <p>The Company has the right mix of growth and caution in selecting right transactions, also focuses more on credit risk rather than just winning the deals.</p>



Outlook

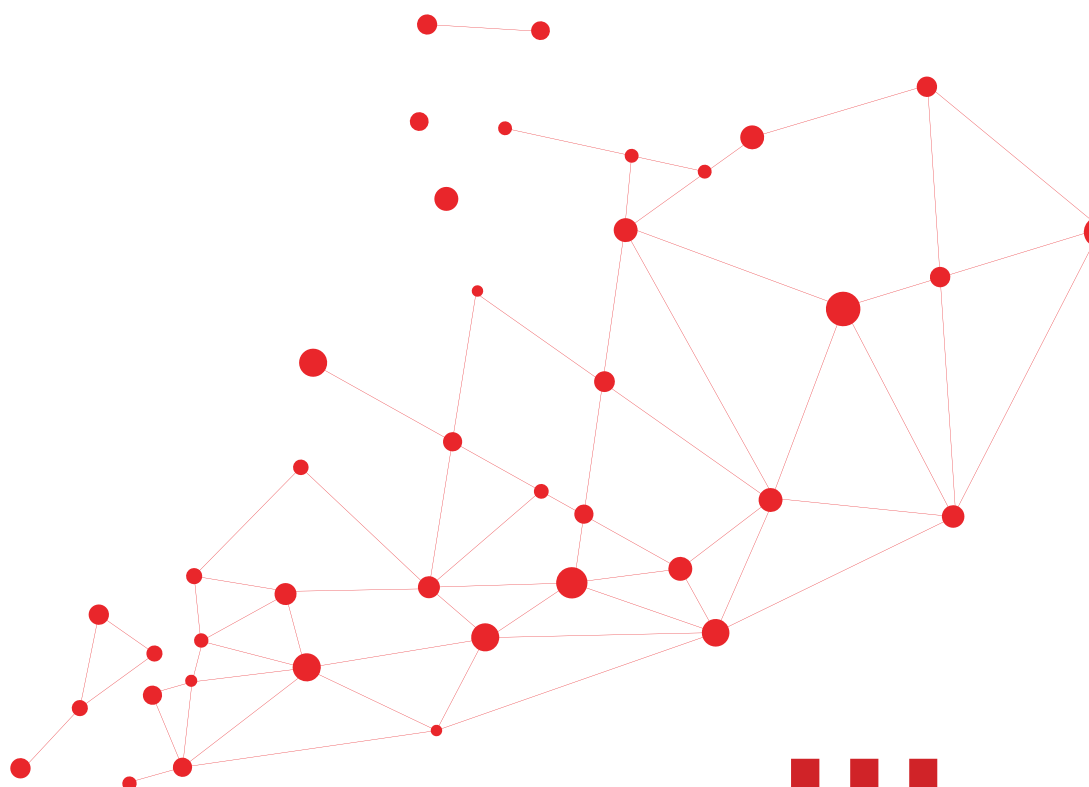
In FY24, we will have two tailwinds and one potential headwind. The tailwinds of the large deal announced and Quant Systems acquisition will propel our growth. There is a potential headwind due to softness in TMT vertical. All-in, we expect to stay in the top 25% of quartile performance in revenue and the top 10% of margin performance.

We have set an ambitious growth agenda. With multitudes of opportunities opening, we are gearing up to meet them and continue to deliver the industry's best-in-class growth. Our focus on 'Invest Verticals' of BFSI and Healthcare & Life Sciences and scaling of TMT and Retail/Manufacturing verticals coupled with Modernization solutions will continue to fuel our deals pipeline and order book.

Our ongoing investments to successfully re-focus our competencies have transformed our learning and development efforts to upskill and match our digital focus.

Our focus on Modernization with Platformation™ at the core and our industry-led approach has started to pay off as clients begin their digital journeys with us.

We will continue to build innovative solutions, forge strategic partnerships, improve client relations, and focus on employee wellness.



Internal Control System



Your Company has a proper and adequate system of internal controls. These controls ensure transactions are authorized, recorded and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition. An extensive program of internal audits and management reviews supplements the process of internal financial control framework.

To maintain its objectivity and independence, the Internal Auditor reports to the Chairperson of the Audit Committee of the Board. The Audit committee defines the scope and authority of the Internal Auditor. The Internal Auditor monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company and its subsidiaries. Based on the report of Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and the necessary corrective actions are presented to the Audit Committee.

The internal financial control framework design ensures that the financial and other records are reliable for preparing financial and other statements. In addition, the Company has identified and documented the key risks and controls for each process that has a relationship to the financial operations and reporting. At regular intervals, internal teams test identified key controls. The internal auditors also perform an independent check of effectiveness of key controls in identified areas of internal financial control reporting. The Statutory Auditors Report include a report on the internal financial controls over financial reporting.

BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty-Eight (28th) Annual Report of your Company together with the Audited Standalone and Consolidated Financial Statements for the Financial Year ended 31st March, 2023.

The consolidated performance of the Company and its subsidiaries has been referred to wherever required.

FINANCIAL RESULTS

Your Company's financial performance (standalone and consolidated) for the year ended 31st March, 2023 is summarized below:

₹ in Lakhs

Description	Standalone		Consolidated	
	Financial Year ended 31.03.2023	Financial Year ended 31.03.2022	Financial Year ended 31.03.2023	Financial Year ended 31.03.2022
Total Income	108,054	92,238	751,994	565,535
Total Expenditure	79,090	61,582	684,499	508,962
EBITDA	28,964	30,656	67,495	56,573
Depreciation and Amortization Expense	1,851	1,755	5,913	4,732
Finance Cost	696	878	1,854	1,805
Profit before Tax & Exceptional Items	26,417	28,023	59,728	50,036
Provision for Tax (Net)	4,380	4,504	14,538	12,393
PAT before non-controlling interest	22,037	23,519	45,190	37,643
Non-controlling interest	-	-	-	-
PAT after non-controlling interest	22,037	23,519	45,190	37,643
Basic Earnings Per Share (in ₹)	15.89	16.97	32.58	27.17

STANDALONE FINANCIALS

Total Income has shown a growth of 17%. The Earnings before Interest, taxes, Depreciation and Amortization (EBITDA) stood at 27% of total income and Net Profit at 20% of total income with Earnings per share at ₹ 15.89.

CONSOLIDATED FINANCIALS

Total income has shown a growth of 33%. The Earnings before Interest, taxes, Depreciation and Amortization (EBITDA) stood at 9% of total income and Net Profit at 6% of total income with Earnings per share at ₹ 32.58.

Analyzing your Company's consolidated results by the two segments it operates in, International IT services contributed 26% of total revenues and 69% of PAT while Domestic products and services contributed to 74% of the total revenues and 31% of PAT.

International IT Services total revenue is ₹ 192,035 lakhs, growth of 29% Y-o-Y and \$ 240.94 million in US \$ terms with a growth of 31% in revenues. Your Company has managed to declare good results consistently because of its focus on serving and growing its existing customers, addition of 59 new customers throughout the Financial Year, and maintaining resource utilization at 86.4% over the Financial Year under review.



Your Company during the Financial Year had a stronger consolidated Balance Sheet and has approximately ₹ 74,754 Lakhs of cash and cash equivalents, showing Return on Capital employed (ROCE) of its 35% and Earnings per share at ₹ 32.58.

The audited Standalone and Consolidated Financial Statements of your Company, which form a part of this Annual Report, have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

WORK FROM HOME & WELLNESS

In the aftermath of COVID and the subsequent return to normalcy, our operations continued to operate smoothly in spite of majority of the workforce working from home in line with industry trends and employee expectations. However, as part of the return-to-work program, senior management and key functions started operating in a hybrid mode while continuing to focus on employee well-being and overall engagement. Regular connect sessions by the HR team, communication townhalls with CEO and leadership team ensured that employee engagement improves. Similarly, key events such as Annual Awards, Tech Fest, Sonata Spark, festival celebrations, team outings and sports events were conducted in person while maintaining necessary safety protocols in line with the changing context. This also gave employees an opportunity to experience camaraderie which they missed during the pandemic. Your Company has now put in place a robust return-to-work plan through a hybrid work arrangement aimed at strengthening belongingness, collaboration, and productivity. Wellbeing of our people continues to be a key priority. Towards that end, Sonata Wellness week and periodic webinars/sessions on related topics were conducted.

BUSINESS PERFORMANCE

FY23 was a year of transformation for your Company. We sowed the seeds of Modernization driven hypergrowth. We began our journey to achieve revenue of US\$ 1.5 B (US\$ 0.5B from International Services Business and US\$ 1B from Domestic IT Products) by the end of FY26 and be known as a specialist firm in Modernization Engineering, leveraging its unique Platformation framework and set of 'Lightening' Tools.

Your Company redefined focus across Verticals and Markets to drive Modernization. We verticalized our US region towards our key industry verticals – Telecom, Media, and Technology (TMT); Retail & Manufacturing; Banking, Financial Services, and Insurance (BFSI); and Healthcare and Life Sciences (HLS). For geographies outside of the USA, we continued with the GEO structure but have a defined focus on our key industry verticals across the UK, Europe, APAC, and ANZ. In Europe, we expanded our business in the Nordic region.

We continued to grow our matured 'Harvest Verticals' – TMT and Retail & Manufacturing – and invested in building strong sales and delivery capabilities in 'Invest Verticals' - BFSI and HLS, where we see strong growth opportunities over the next 3-5 years.

Your Company invested in key GTMs - Cloud, Data, Dynamics, Managed Services, and Contact Centre – all focused-on Modernization and Automation in the key Markets. We increased our investments in Generative AI as we scaled our AI capabilities, including MS partnership with OpenAI and we won our first engagement on Generative AI in Q3.

Your Company made tremendous progress towards the strategic goals of M&A and Large Deals:

- Acquired Quant Systems Inc., a Texas (USA) based IT Solutions and Software company. The M&A aligned with our strategy to focus and invest in BFSI and HLS verticals. Quant delivered \$37M revenue and mid 30's EBITDA in CY 22. Quant added two clients to Sonata's top 5 clients. In addition, the acquisition provided access to a rich talent pool of Salesforce experts, data privacy specialists, and engineering professionals in the US. Furthermore, it augmented our nearshore capabilities in Mexico and Costa Rica.

- Won 2 large deals in Q2 and 4 in Q3 and were delighted to win 3 large deals in Q4, including our historic largest DEAL, from a US-based consumer retail company, with a total contract value (TCV) of \$160 million. The client, a net-new Sonata logo, made a direct entry in our 'Top 5 Clients' list.

We started our endeavor to build trusted partnerships with leading hyper-scalers and other key Industry partners who can strengthen our Modernization play. Once again, we received the Microsoft Business Applications 2022/2023 Inner Circle award, and we are now Microsoft Cloud Solution Partner and have completed 13 more Advanced Specializations. We also put in motion the efforts to enhance our partnership status with AWS from current Advanced to a higher level.

We continued to grow and strengthen our India business, focusing on gaining market share in e2e annuity contracts in Cloud-Data modernization opportunities. We endeavor to move up the value chain and make Sonata a preferred partner for everything cloud and data in India.

Towards our commitment to ESG goals, we were proud to receive a score of 'B' (Management Category) by CDP 2022 (Carbon Disclosure Project) for all our actions and efforts towards sustainable practices in business and transparent and open reporting. This recognition places us amongst 27% of companies in the IT sector and above average in the APAC region.

At Sonata, honesty, integrity, and transparency are core values, and good corporate governance translates those values into day-to-day practices and processes. We are delighted that Sonata bagged the Golden Peacock Award for Excellence in Corporate Governance 2022, the second time in a row.

People success remains one of your Company's core tenets as we build the organization to scale and grow. We continued to invest in capability building with upskilling, cross-training, and certifications. We launched Sonata Career Academy for Learning Excellence (SCALE) to offer access to vast content and opportunities for Sonatians to learn using the latest technologies and remain relevant. We are being future-ready on talent by doubling down on building nearshore delivery centers in Europe and the Americas.

To continue to build Sonata as a global firm - Diversity and Inclusiveness will be a high focus area for us as we grow. We set up a Global D&I Council to drive Sonata's Diversity & Inclusion agenda globally. As part of our women empowerment initiative, we associated with the Women's Premier League - a women's Twenty20 cricket franchise. The association helped Sonata gain Brand salience internally and externally in India and some of our key markets.

We launched the 'Play Big' theme campaign to energize the organization and motivate Sonatians to go all-out to achieve the goal we have set for ourselves. Your Company is now the Play Big Sonata.

Your Company witnessed a steady reduction in attrition over the quarters. We will continue to take steps to mitigate attrition risks through increased focus on proactive retention, employee engagement, talent management, and a strong talent fulfillment engine. The CEO succession transition process was completed from Mr. P. Srikar Reddy to Mr. Samir Dhir as Managing Director & CEO during the year. Your Company further strengthened its senior leadership with rich talent, and details of which are covered in Management Discussion and Analysis, which forms part of the Annual Report. This diverse Global Leadership Team is aligned for growth.

Coming to Financial performance, despite an uncertain macroeconomic environment due to geopolitical instability and high inflation, we reported strong revenue growth in both the International IT Services and Domestic IT Products segments. The International IT Services business witnessed a 29% Y-o-Y basis growth to ₹ 1,920 crores, and the Domestic IT Products business grew by 36% Y-o-Y basis to ₹ 5,540 crore. A detailed analysis of the Company's business performance forms part of the Management Discussion and Analysis, a separate section of this Annual Report.

In summary: Your Company remains optimistic about its long-term growth prospects.

HUMAN RESOURCE MANAGEMENT

Your Company continued to invest in talent, capacity and culture to support its growth strategy. In line with this, leadership talent- from within and outside-across levels, functions and geographies has been inducted;



and so has the intake of entry-level talent increased significantly. A new organization structure with business and geographical verticals led jointly by Delivery and Sales leaders, supported by enabling functions, has been put in place in line with the business strategy. This has resulted in role enhancement and career growth for leadership talent from within who have taken up these roles. Most importantly, significant efforts have been invested in deploying initiatives aimed at cementing the culture required for the business to scale and grow and for Sonata to be a preferred employer. We are confident that these measures will further strengthen our capabilities to execute with speed and agility while focusing on people success. Further details are provided elsewhere in this Annual Report.

CYBER SECURITY INITIATIVES

Training sessions are conducted to create awareness. Cyber security training material (PDFs, Presentations, video lessons etc.) are made available on the internal portal of the Company and Information security quiz is conducted online.

CYBER SECURITY

Your Company has implemented security policies in line with ISO 27001:2013 standard to ensure confidentiality integrity and availability of information. Additionally, your Company has highest level of data security and data protection mechanism, and has a secured method of sharing data with Board members and external stakeholders. Further, Company is certified to a standard ISO 9001:2015. Sonata has Implemented SIEM and SASE tool to ensure computing and access is secured.

Your Company being ISO 27001 certified has zero tolerance to the fraud, most of our processes are foolproof and a well-defined Incident Management process is in place, which is subjected to the audit of ISO and has regular standards for sharing data for outsiders such as project data and customer delivery.

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under Regulation 34 and Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time, is disclosed separately in this Annual Report.

DIVIDEND / TRANSFER TO RESERVES

In line with the practice of rewarding members, based on your Company's performance and future outlook, your Directors are pleased to recommend a final dividend of ₹ 8.75/- per equity share at 875% on par value of ₹ 1/- each, subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM") and shall be subject to deduction of income tax at source.

The final dividend is in addition to the interim dividend. The interim dividend of ₹ 7/- per equity share, was declared by the Board of Directors on 18th October, 2022.

The total dividend for FY 2023 amounts to ₹ 15.75/- per equity share and would involve a total cash outflow of ₹ 22,083 lakhs.

If approved by the Members at the ensuing AGM, the final dividend will be paid on or after 8th August, 2023 to all those equity shareholders whose names appear on the Register of Members of your Company on 21st July, 2023, 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, 2023. The dividend paid and recommended is in accordance with your Company's Dividend Distribution Policy.

DIVIDEND DISTRIBUTION POLICY

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

SHARE CAPITAL CHANGES & BONUS ISSUE

During the year under review, the Issued, Subscribed and Paid-up Equity Share Capital of your Company was increased from ₹105,159,306/- (Rupees One Hundred Five Million, One Hundred Fifty-Nine Thousand, Three Hundred and Six only) divided into 105,159,306 (One Hundred Five Million, One Hundred Fifty-Nine Thousand, Three Hundred & Six only) Equity Shares of face value of ₹ 1/- (Rupees One only) to ₹ 140,212,408/- (Rupees One Hundred Forty Million, Two Hundred Twelve Thousand, Four Hundred & Eight only) divided into 140,212,408 (One Hundred Forty Million, Two Hundred Twelve Thousand, Four Hundred & Eight only) Equity Shares of face value of ₹ 1/- (Rupees One only) each due to allotment of 35,053,102 (Thirty-Five Million, Fifty-Three Thousand, One Hundred and Two) Bonus Equity Shares of face value of ₹ 1/- (Rupees One only) each.

The Board of Directors at their meeting held on 25th July, 2022 recommended issue of bonus equity shares, in the proportion of 1:3, i.e., 01 (One) new fully paid-up equity share for every 03 (Three) existing fully paid-up equity shares. The said bonus issue was approved by the Members of your Company vide resolution dated 2nd September, 2022 passed through postal ballot, subsequent to which 35,053,102 bonus shares were allotted to the Members on 12th September, 2022, to those names that appeared on the register of members as on 10th September, 2022, being the record date fixed for this purpose.

As part of the aforesaid allotment 38,058 (rounded-off) bonus equity shares representing fractional entitlements of eligible Members were consolidated and allotted to the trustee appointed by the Board and such fractional shares were sold at prevailing market price and the net sale proceeds were distributed among the eligible members in proportion to their respective fractional entitlements.

BOARD MEETINGS

During the year under review, the Board of Directors met six (6) times. The meetings were held on 7th April, 2022, 29th April, 2022, 25th July, 2022, 18th October, 2022, 24th January, 2023 and 9th March, 2023. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Viren Raheja (DIN: 00037592) Director, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM). Brief profile of Mr. Viren Raheja is provided in the notes to the Notice of the ensuing AGM. The Board of Directors, pursuant to the recommendation of the Nomination and Remuneration Committee, has recommended his re-appointment by the members at the ensuing AGM.

As a part of the Board's succession plan, pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 24th January, 2023, approved the appointment of Mr. Samir Dhir (DIN: 03021413), (earlier appointed as the Whole-Time Director and Chief Executive Officer) as the Managing Director & CEO of your Company w.e.f. 14th February, 2023 and also approved the appointment of Mr. P Srikar Reddy (DIN: 00001401), (earlier appointed as Managing Director) as Executive Vice Chairman and Whole-Time Director of your Company w.e.f. 14th February, 2023. The said appointments were approved by the



members of your Company through postal ballot on 21st April, 2023.

The Company has devised, inter alia, the following: a) Terms and conditions for appointment of Independent Directors; and b) Nomination and Remuneration Policy. The same are available on the Company's website at www.sonata-software.com.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's policy on appointment and remuneration of directors is available on the Company's website at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>. The qualifications, positive attributes, and skills are covered in the Corporate Governance Report which is a part of this Report.

INDEPENDENT DIRECTORS

Your Company has laid down and followed procedures for familiarizing the Independent Directors with your Company, regarding 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 your Company have given their respective declarations that they fulfill and meet the criteria of independence as laid down in Section 149(6) of the Act, read with Regulation 16(1)(b) and Regulation 25(8) of Listing Regulations. There has been no change in the circumstances during the year under review affecting their status as Independent Directors of your Company. The list of key skills, expertise, and core competencies of the Board, including the Independent Directors, is provided elsewhere in this Annual Report.

The Independent Directors have confirmed that they have complied with your Company's Code of Conduct during the year under review. They have also further confirmed that they have registered their names in the Independent Directors' Databank.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated under the provisions contained in Section 134(3)(c) read with 134(5) of the Act, 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:

- a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.
- b) 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 your Company at the end of the Financial Year and of the profit and loss of your Company for that period;
- c) 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 your Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the Annual Accounts on a going concern basis;
- e) the Directors have laid down Internal Financial Controls to be followed by your Company and that such Internal Financial Controls are adequate and were operating effectively; and
- f) 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, 2023 comprised of Mr. Pradip P Shah, Chairman, Mr. S B Ghia, Ms. Radhika Rajan and Mr. Sanjay Asher as its Members. The Committee met five (5) times during the year under review and recommendations made by the Audit Committee, during the Financial Year have been accepted by the Board Committees of the Board.

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, 2023 comprised 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 is available on the website of your Company <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

The composition of the Nomination and Remuneration Committee comprises of independent and non-executive directors. The Committee met five (5) times during the year under review.

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, 2023 comprised of Mr. S B Ghia, Chairman, Mr. P Srikar Reddy, Ms. Radhika Rajan and Mr. Samir Dhir (appointed w.e.f. 14th February, 2023) as its members. The Committee met four (4) times during the year under review.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee as at 31st March, 2023 comprised of Ms. Radhika Rajan, Chairperson, Mr. P Srikar Reddy, Mr. S B Ghia and Mr. Samir Dhir (appointed w.e.f. 14th February, 2023) as its members. The Committee met four (4) times during the year under review. The brief outline of the Corporate Social Responsibility (CSR) policy of your Company and the initiatives undertaken by your 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 as at 31st March, 2023 comprised of Mr. Pradip P Shah, Chairman, Mr. Viren Raheja, Mr. P Srikar Reddy and Mr. Samir Dhir (appointed w.e.f. 25th July, 2022) as its members. The Committee met two (2) times during the year under review. The terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

RISK MANAGEMENT

Your Company's Risk Management framework, strategies & practice seeks to sustain the long-term vision and mission of your Company. Your Company continuously evaluates the various risks surrounding the business and seeks to review and upgrade its risk management strategies and process to mitigate the risks. 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.

Further, details on the Risks and Concerns are covered in Management Discussion and Analysis, which forms part of the Annual Report.



VIGIL MECHANISM

Your Company has adopted a process as a channel for receiving and redressing complaints from employees and directors, as per the provisions of Section 177(9) and (10) of the Companies Act, 2013, Regulation 22 of the Listing Regulations and Regulation 9A of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

Your Company has established Vigil Mechanism which also 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 your Company.

Further, your Company has prohibited discrimination, retaliation, or harassment of any kind against any employee who reports under the Vigil Mechanism or participates in the investigation. There were no complaints received during the year under review under this Policy. The Audit Committee periodically reviews the functioning of this mechanism. No personnel of your Company were denied access to the Audit Committee.

The vigil mechanism policy can be accessed through https://www.sonata-software.com/sites/default/files/financial-reports/2019-09/Sonata_Vigil_Mechanism.pdf

SUBSIDIARY COMPANIES, ASSOCIATES AND JOINT VENTURES

As on 31st March, 2023 your Company had 26 subsidiaries (including IBIS Inc., the merged entity and Sonata Software FZ-LLC, the liquidated entity). The statement pursuant to the Section 129(3) of the Companies Act, 2013, containing salient features of the Financial Statements of your Company's Subsidiaries in Form AOC-1 is given in ANNEXURE I. Audited financial statements together with related information and other reports of each of the subsidiary companies have also been placed on the website of your Company at www.sonata-software.com.

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, Sonata Software Intercontinental Limited, Ireland, Sonata Software GmbH, Germany, Sonata Europe Limited, UK, Sonata Software FZ LLC, Dubai, Sonata Software (Qatar) LLC, Qatar, Sonata Australia Pty Ltd. (formerly known as Scalable Data Systems Pty Ltd.), Australia, Sopris Systems LLC., USA, Encore Software Services Inc., USA, Sonata Software Canada Limited, Canada, Sonata Latin America S. de R.L. de C.V, Mexico, 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, GAPbuster Worldwide Malaysia Sdn Bhd, Malaysia, Quant Systems Inc., USA, Quant Cloud Solutions Private Limited, India and Quant Systems CRC Inc SRL, Costa Rica, Woodshed LLC, USA duly audited/ unaudited/reviewed are presented as part of this Report in accordance with the Companies Act, 2013, Ind AS 110 and the Listing Regulations, wherever applicable.

During the Year under review, your Company incorporated a step-down subsidiary in Mexico named Sonata Latin America, S. DE R.L. DE C.V. Your Company completed the acquisition of Quant Systems Inc., a US registered Company along with its subsidiaries, through Sonata Software North America Inc., (SSNA) a wholly owned Subsidiary of your Company and completed the merger of Interactive Business Information Systems Inc. (IBIS, Inc.) with SSNA.

The branch office of your Company was opened in New Jersey, USA and became operational during the year. Further, Sonata Software FZ LLC., Dubai (Wholly owned subsidiary of your Company) was liquidated.

In terms of your Company's Policy on determining "material subsidiary", during the financial year ended

31st March, 2023 Sonata Information Technology Limited, Sonata Software Solutions Limited and Sonata Software North America Inc., are considered as material subsidiaries pursuant to SEBI Listing regulations as, material subsidiaries whose income exceeds 10% of the consolidated income of your Company in the immediately preceding financial year. Further details on the subsidiary monitoring framework have been provided as part of the Corporate Governance report.

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 <https://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) Regulations, 2014. 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.

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 your Company confirming that the Plan has been implemented in accordance with the said Regulations and in accordance with the resolution of your 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 regarding the details of options granted, number of shares arising as a result of exercise of options, etc., as on 31st March, 2023 are uploaded on the website of your Company www.sonata-software.com.

During the year under review, your Company has issued options under Employee Stock Option Plan of 2013, pursuant to issuance of Bonus Equity Shares of the Company.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed Mr. Parameshwar G Hegde, Practicing Company Secretary as the Secretarial Auditor for the Financial Year 2022-23 to conduct Secretarial Audit of your Company. The Secretarial Audit Report in Form MR-3 for the Financial Year ended 31st March, 2023 is annexed to this Report as ANNEXURE II. The report does not contain any qualifications, reservations or adverse remarks.

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.

STATUTORY AUDITORS

B S R & Co. LLP, Chartered Accountants, Bengaluru, (Firm Registration No. 101248W/W-100022) were appointed as Statutory Auditors of your Company from the conclusion of Twenty Seventh (27th) Annual General Meeting (AGM) till conclusion of Thirty Second (32nd) AGM, as required under Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.



For the year under review, the statutory auditors have confirmed that they satisfy the independence criteria required under the Companies Act, 2013.

The Auditors' Report contains 'Unmodified Opinion' on the financial statements (standalone and consolidated) of your Company, for the year ended 31st March, 2023 and there are no qualifications reservations or adverse remarks in their report.

REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the Statutory Auditors nor the Secretarial Auditor have reported to the Audit Committee under Section 143 (12) of the Companies Act, 2013, any instances of fraud committed against your Company by its officers or employees.

SECRETARIAL STANDARDS

During the year, your Company has complied with all the applicable provisions of the Secretarial Standard 1 on Meetings of the Board of Directors & Secretarial Standard 2 on General Meetings 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, your Company has placed a copy of the annual return as at 31st March, 2023 on its website at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance> under heading Shareholders information.

INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of Section 124 (5) of the Companies Act, 2013 and IEPF rules, during the year under review, your Company has transferred the unclaimed and un-encashed dividends of ₹ 48,11,867. Pursuant to the provisions of Section 124 (6) of the Companies Act, 2013 and IEPF rules, 22,442 corresponding equity shares of ₹ 1/- each 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 said 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 equity 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 <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

The Company has appointed a Nodal Officer under the provisions of IEPF, the details of which are available on the website of your Company at <https://www.sonata-software.com/about-us/investor-relations>

KEY AWARDS AND RECOGNITIONS

During the year under review, your Company was felicitated with the following key awards and recognitions:

- Winner of the prestigious 'Golden Peacock Award for Excellence in Corporate Governance' for 2022 in National category under IT Sector by the Institute of Director (IOD), second year in a row.
- Member of the prestigious Inner Circle for Microsoft Business Applications, for 2022/2023.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

(A) Conservation of energy

The provisions relating to conservation of energy, technology absorption, are not applicable to the Company. However, your Company is committed towards conservation of energy which is reaffirmed in its Sustainability Policy and is relentlessly working towards making the world a better place by empowering local communities. Being in the Services sector, Company doesn't have large energy-intensive processes, but has always looked for methods to operate more efficiently and conserve energy including by utilising newer technology and innovation to increase productivity and improve the quality of goods and services. Every effort has been taken to improve energy efficiency, prevent waste, and conserve energy. Your Company continued to implement the following energy-saving initiatives as part of a continuing process for energy conservation:

- Renewable energy is used for the electricity requirement of Sonata Global Village offices in Bengaluru. This move is a testament to Company's commitment to reducing the carbon footprint and promoting eco-friendliness.
 - 42% of total energy requirement of sonata is fulfilled by renewable energy.
- After regular business hours, maintaining constant surveillance of the floor and turning off the lights.
- Switching off the air conditioning units during off-peak hours and on weekends.
- Performing routine maintenance on UPS and AC plants to ensure optimal functioning of the equipment.
- Ensure complete removal of dead loads during weekends, including turning off or unplugging heating elements of vending machines, switching off lighting circuits, and cutting off all manually operated loads.
- The washroom water management system named HUIDA helps to reduce the water consumption significantly as compare to normal Commode flush.
- Used sustainable building materials for its newly started Tower F building in Global Village, Bengaluru. This has helped your Company to achieve IGBC Platinum Certification for the said building.
 - The IGBC Green Building certificate signifies that a building has been constructed or retrofitted using sustainable and environment-friendly practices, leading to reduced carbon footprint, energy savings, and improved occupant health and wellbeing
 - These initiatives will achieve 10-15% reduction in utility cost.

(B) Technology absorption

During the Fiscal under review, your Company focused its efforts and built competencies in areas of new technologies around Modernization aligned to Platformation. We further strengthened our capabilities in AI, Machine learning, Automation, expanded Dynamics to include Contact centre, Power platform. This also included our core themes around large deal constructs, multi cloud capability, modernizing data estates, infrastructure & cloud security. Your Company has also invested directionally on new capabilities like Salesforce, Chat GPT, and considerably enhanced capabilities on AWS stack. Your Company continued to invest in differentiated IP and platforms across industry verticals of Retail, Distribution and Manufacturing, Technology and invested in new verticals BFSI, Healthcare, with particular focus on AI being embedded on all our service offerings. This highlights your Company's ability to invent with impact, and explore futuristic ideas with the wider academic ecosystem.

The best of your Company's innovation capabilities, and practices were brought to customers through experiential initiatives. Your Company constantly connects with customers to all organizational capabilities



in innovation, technology and industry expertise, and hosted several events and workshops showcasing its strengths.

(C) Foreign exchange earnings and Outgo

During the Fiscal under review, 83% of the revenue came from exports of developed software and related services to clients mainly 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 ₹ 10,403 Lakhs and Foreign Exchange inflow on account of export of software services (net), goods and other operating revenues was ₹ 75,987 Lakhs.

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.

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 and framework 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.

1. Each Employee is required to undergo a mandatory e-learning module on 'Prevention of Sexual Harassment at Workplace'.
2. All new joiners are trained in person on Prevention of Sexual Harassment during their induction program.
3. Special workshops have been conducted for the Senior Management Team and for women employees.
4. The IC Members are provided relevant training by an external agency during quarterly meetings of the IC.
5. The Prevention of Sexual Harassment policy is available on the intranet portal for the employees to access as and when required.
6. Penal consequences of sexual harassment and the constitution of the IC are displayed at conspicuous places.

Annual Report has been filed with the relevant authorities as required under the Act.

No complaints were received under this Policy during the Financial Year 2022-23.

INTERNAL FINANCIAL CONTROLS

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

Assurance on the effectiveness of internal financial controls is done through management reviews and review by internal auditors and statutory auditors during the course of their audits. The internal financial controls provide reasonable assurance that they are designed effectively with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with Company's

policies. The Audit Committee reviews the reports submitted by internal auditors, suggestions for improvement are considered and the corrective action are undertaken.

Sonata's Management assessed the effectiveness of the Company's internal control over financial reporting as of 31st March, 2023, B S R & Co. LLP, the Statutory Auditors have audited the financial statements included in this Annual Report and have issued an attestation report on the Company's Internal Control over financial reporting.

The Audit Committee also meets statutory and internal auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the Board of Directors informed of its major observations periodically. Based on its evaluation, the Audit Committee has concluded that, as of 31st March, 2023, the Company's internal financial controls were adequate and operating effectively.

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 Limited, and Sonata Software Solutions Limited for meeting its working capital requirements. The balance outstanding as on 31st March, 2023 is nil. The maximum amount outstanding at any point of time during the Financial Year has been ₹ 4,510 Lakhs.

Also, your Company has given Corporate Guarantees on behalf of Subsidiaries for facilitating its business needs. The outstanding amount as on 31st March, 2023 is as below:

Name of the Subsidiary	Amount in ₹ Lakhs
Sonata Software North America Inc., USA	6,163
Sonata Information Technology Limited, India	33,368

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR policy is formulated by the Corporate Social Responsibility Committee and approved by the Board of Directors of the Company. The policy can be accessed at www.sonata-software.com.

During this Financial Year, your Company has spent ₹ 463.2 lakhs (as against its obligation of ₹ 416 lakhs) towards CSR activities. Your Company has a CSR policy in place and as part of its implementation program(s), it has identified and participated in the following initiatives:

Sonata Software has supported **Agastya International Foundation** for their project - "Lab on Tab" which helped Rural students to get access to Science and Mathematics experiments at their doorstep in Rural schools. Sonata has provided the technical support for enhancing the portal and Application functionality and knowledge repository of an existing android app-based learning platform- Lab on Tab.

Sonata Software is supporting **Industree Crafts Foundation** for developing an Online Repository for Artisans to store Designs and Products for Artisans. The Co Create app is developed that will feature a centralized Master Bank which stores information about Artisans and their artworks throughout India. Additionally, this app aims to assist Artisans from all over the nation in enrolling themselves and showcasing their handicrafts.

Sonata has collaborated with **MAP Foundation** to promote inclusivity, education, and accessibility to art and



culture for diverse audiences. As part of its Corporate Social Responsibility initiative, Sonata has developed a Museum Management System to manage a broad range of events.

Sonata Software has supported **INTACH (Indian National Trust for Art and Cultural Heritage)** for developing a Digital Platform for Someshwara Temple in Ulsoor, Bengaluru, to enhance its accessibility and enable visitors to learn about its history and significance. This includes development of an interactive website that offers a 360-degree virtual tour, visual map, and up-to-date information on the latest developments at Someshwara Temple in Bangalore. This website will benefit not only tourists but also historians and those interested in heritage education.

Sonata Software is helping **ISDM (Indian School of Development Management)** to provide technical assistance for revamping the existing ISDM website into a new website that will be acting as a digital reflection of ISDM as an institution, encompassing all the different facets, from the post-graduate program to strategic capacity building to research and building the body of knowledge on development management to the centers of excellence. ISDM recognizes the need to 'professionalize' the Leading and Managing of Social Purpose Organizations (SPOS).

Sonata Software has provided relief to Orissa flood victims through **Sweetheart Foundation**.

Sonata Software has provided the grant fund to **Hyderabad Public School** for Promotion of Science and Technology among young students. The engagement included the Indian Science Festival organized by Hyderabad Public School and sponsored by Sonata which had featured fireside chats, panel discussions, immersive workshops, interactive demos, film screenings, and exhibits, covering a range of scientific topics and panel discussion between speakers from prestigious institutions.

Sonata Software is working with **Farmers for Forest** (Efficient Ecosystem Protection Association) for empowering the marginalized farmers by improving their income along with reducing the carbon emissions to environment by planting 6,000 trees over 15 acres of unused and degraded land.

Sonata Software is collaborating with **Centum Foundation** for promotion of education and enhancement of employment of underprivileged diversified youth in IT sector. Under this engagement, Full Stack Development course will be provided to 500 beneficiaries which includes 300 women, 100 specially abled, 100 rest of under need students, along with placement assistance.

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

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Pursuant to Regulation 34(2)(f) of the Listing Regulations, your Company's Business Responsibility and Sustainability Report ("BRSR") forms part of the Annual Report. The BRSR includes details on performance against the nine principles of the National Guidelines on Responsible Business Conduct and a report under each principle, which is divided into essential and leadership indicators. The said report comprehensively covers your Company's philosophy and describes the initiatives taken by the Company from an environmental, social and governance perspective on corporate social responsibility, its sustainability activities pertaining to efforts on conservation of environment, conducting green awareness events, its commitment towards society, enhancing primary education, initiatives and activities taken up as part of this philosophy for the year 2022-23.

Environmental, Social and Governance (ESG): Your Company has launched ESG initiatives. The CSR Committee discharges oversight responsibility on matters related to organization wide ESG initiatives, priorities, and leading ESG practices. The quarterly review and progress made on ESG are reported to the Board of Directors every quarter, the details on ESG are given elsewhere in the Annual Report.

RELATED PARTY TRANSACTIONS

The policy on related party transactions is available on your Company's website at <https://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 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 disclosures on related party transactions in prescribed format 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 Year under review, as mandated by the Companies Act, 2013, and SEBI Listing Regulations, Annual Evaluation was conducted by the Board of its own performance and that of its committees and individual Directors and the Independent Directors. As part of the evaluation process, individual criteria for each of the exercise was formulated. The said criteria specified certain parameters like attendance, acquaintance with business, communication inter se between board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, benchmarks established by global peers etc., which is in compliance with applicable laws, regulations and guidelines. 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 and also provide feedback based on ratings.

In a separate meeting of independent directors, performance of non-independent directors, the Board as a whole and Chairman of the Company was evaluated, taking into account the views of executive directors and non-executive directors. Performance evaluation of independent directors was done by the entire Board, excluding the independent director being evaluated.

The outcome of the Board Evaluation for the financial year 2022-23 was discussed by the Independent Directors/Board/Committee. The Board of Directors of the Company noted the actions taken in improving Board effectiveness based on feedback given in the previous year. Further, the Board also noted areas requiring more focus in the future, which include Board diversity, Strategy discussion on succession planning, and Risk management.

REMUNERATION TO DIRECTOR AND EMPLOYEES

The policy on remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which is a part of this report and is also available on the Company's website at www.sonata-software.com.

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 your 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. 31st July, 2023.



CORPORATE GOVERNANCE

Your Company is committed to maintain the highest standards of Corporate Governance and adheres to the Corporate Governance requirements set out by the Securities and Exchange Board of India ("SEBI"). Your Company has also implemented several best governance practices. The report on Corporate Governance as stipulated under the Listing Regulations forms part of the Annual Report.

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

Other Disclosures

- a) Your Company confirms that it has paid the Annual Listing Fees for the year 2022-23 to NSE and BSE where your Company's shares are listed.
- b) Your Company has not issued shares with differential voting rights and sweat equity shares during the year under review.
- c) There are no proceedings initiated/pending against your Company under the Insolvency and Bankruptcy Code, 2016 which materially impact the business of the Company.
- d) There were no instances where your Company required the valuation for one time settlement or while taking the loan from the Banks or Financial institution.

ACKNOWLEDGEMENTS

Your Directors take this opportunity and place on record their gratitude for all the guidance and co-operation received from all its clients, investors, 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 look forward to their continued support in the future and all the Sonatians for their valuable contribution and dedicated service. The consistent growth was made possible by their hard work, solidarity, co-operation and support.

FOR AND ON BEHALF OF THE BOARD

Place: Mumbai
Date: 13th May, 2023

PRADIP P SHAH
Chairman

ANNEXURE I

Statement pursuant to first proviso to sub-section(3) of Section 129 of Companies Act 2013, read with rule of Companies(Accounts) Rules 2014 in prescribed Form AOC-1 relating to Subsidiary companies

PART "A": SUBSIDIARIES

Sl. No.	Particulars	1	2	3	4	5	6	7	8	9	10	11	12	14	15	16	13
		Sonata Information Technology Ltd.	Sonata Software Solutions Limited	Encore IT Services Solutions Private Limited	Quant Cloud Solutions Private Limited ¹	Sonata Software North America Inc. ²	Sonata Software GmbH	Sonata Europe Ltd., UK	Sonata Software (Qatar) LLC	Sonata Australia Pty Ltd ¹	Sopris Systems LLC	Gap-buster Ltd	Encore Software Services, Inc.	Sonata Software Intercontinental Limited ⁴	Sonata Software Canada Limited ⁵	Sonata Latin America S. DE R.L. DE C.V. ⁶	Quant Systems Inc ²
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same Reporting Period	Same Reporting Period	Same Reporting Period	For the period March 10, 2023 to March 31, 2023	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	Same Reporting Period	For the period May 05, 2022 to March 31, 2023	For the period March 10, 2023 to March 31, 2023
2	Reporting currency	INR	INR	INR	INR	USD	EURO	GBP	USD	AUD	USD	GBP	USD	EURO	USD	PESO	USD
3	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-	-	-	-	USD = ₹ 82.17	Euro = ₹ 89.40	GBP = ₹ 101.65	USD = ₹ 82.17	AUD = ₹ 55.02	USD = ₹ 82.17	GBP = ₹ 101.65	USD = ₹ 82.17	Euro = ₹ 89.40	USD = ₹ 82.17	Peso = ₹ 4.54	USD = ₹ 82.17
4	Share capital ³	338	1	1	91	247	22	2,501	45	-	-	9,685	39	-	-	-	8
5	Reserves and surplus	28,988	13,599	954	2,563	28,588	-143	10,726	-27	2,525	-1,182	-10,559	2,317	505	-13	4	12,726
6	Total assets	144,379	17,614	1,962	3,015	187,750	60	17,891	22	5,798	249	3,285	3,956	1,188	243	60	20,283
7	Total Liabilities	115,053	4,014	1,007	361	158,915	180	4,664	4	3,273	1,431	4,159	1,600	683	256	56	7,550
8	Investments	13,905	3,652	255	-	149,706	-	3,618	-	-	-	-	-	-	-	-	3,386
9	Turnover	554,039	15,382	6,282	117	87,147	165	20,692	-	8,719	508	8,765	16,769	1,376	129	61	2,046
10	Profit / (Loss) before taxation	18,892	8,746	836	14	13,499	-187	1,779	603	1,994	-514	232	3,909	373	-13	4	729
11	Provision for taxation	4,768	35	189	4	3,606	6	255	-	793	-	145	817	32	-	-	160
12	Profit / (Loss) after taxation	14,124	8,711	647	11	9,894	-193	1,524	603	1,202	-514	87	3,092	341	-13	4	569
13	% of shareholding / control	100	100	100	100	100	100	100	49	100	100	100	100	100	100	100	100

¹Formerly known as "Scalable Data Systems Pty Ltd".

²Sonata Software North America Inc., (SSNA) has acquired 100% stake in Quant Systems Inc., a Texas based company and Quant Cloud Solutions Private Limited a subsidiary of Quant Systems Inc., on March 10, 2023 (Refer Note 38 to the audited consolidated financial statements).

³ Share Capital as at March 31, 2022 for Sonata Australia Pty Ltd, is ₹ 110 and Sopris Systems LLC. is ₹ 164.

⁴ Software Intercontinental Limited has been incorporated in Ireland w.e.f September 08, 2021.

⁵ Sonata Software Canada Limited has been incorporated in Canada w.e.f December 03, 2021.

⁶ Sonata Latin America S. DE R.L. DE C.V. has been incorporated in Mexico w.e.f May 05, 2022.

⁷ Interactive Business Information Systems Inc., in the US has been merged with Sonata Software North America Inc., wholly-owned subsidiary of Sonata Software Limited w.e.f December 13, 2022.

Notes:

1. In the details given above, the reporting currency has been converted to ₹ at the closing exchange rate as on 31st March, 2023.
2. Sonata Information Technology Limited has proposed a final dividend of ₹ 10,000 Lakhs (₹ 296.26 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

Samir Dhir
Managing Director & CEO

Jagannathan C N
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

Mangal Krishnarao Kulkarni
Company Secretary

Date : 13th May, 2023

ANNEXURE II

Form No. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

**(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 **31st March 2023**, 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, 2023 and made available to me, according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- 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 (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
 - (e) 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; (Not applicable during the audit period)
- (e) The Patents Act, 1970; (Not applicable during the audit period) and
- (f) The Trade Marks Act, 1999. (Not applicable during the audit period)

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 and Listing of Debt Securities) Regulations, 2008;
- b) 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)
- c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
- d) 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 and except in case of meetings called with shorter notice to transact urgent business, 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 the Company has issued and allotted 35,053,102 equity shares of Re 1 /- each as Bonus shares and 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

FCS: 1325 / C.P.No: 640

UDIN: F001325E000297665

Place: Bengaluru

Date: 13th May, 2023

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.

Place: Bengaluru
Date: 13th May, 2023

P.G. HEGDE
Hegde & Hegde
Company Secretaries
FCS: 1325 / C.P.No: 640
UDIN: F001325E000297665



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 programs 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	4	4
2	Mr. P. Srikar Reddy	Member	4	4
3	Mr. S.B. Ghia	Member	4	4
4	Mr. Samir Dhir*	Member	-	-

*Appointed w.e.f. 14th February, 2023.

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/2023-02/composition-of-committees.pdf>

CSR Policy: <https://www.sonata-software.com/sites/default/files/financial-reports/2022-10/corporate-social-responsibility-policy.pdf>

CSR Projects: <https://www.sonata-software.com/about-us/sustainability>

4. Provide the executive summary along with web-link(s) 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. (a) Average net profit of the company as per section 135(5): ₹ 20,797 lakhs
- (b) Two percent of average net profit of the company as per section 135(5): ₹ 416 lakhs
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Not Applicable
- (d) Amount required to be set off for the financial year, if any: Not Applicable.
- (e) Total CSR obligation for the financial year (5b+5c-5d): ₹ 416 lakhs
6. (a) Amount spent on CSR Projects (both ongoing projects and other than Ongoing Project): ₹ 441 lakhs
- (b) Amount spent in Administrative Overheads: ₹ 22 lakhs
- (c) Amount spent on Impact Assessment, if applicable: Not Applicable
- (d) Total amount spent for the Financial Year (6a+6b+6c): ₹ 463 lakhs

(e) CSR amount spent or unspent for the financial year:

₹ in Lakhs

Total Amount Spent for the Financial Year (in Lacs)	Amount Unspent (in lakhs)				
	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
463	Nil	Nil	Nil	Nil	Nil

(f) Excess amount for set off, if any

₹ in Lakhs

Sl. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per Section 135(5)	416
(ii)	Total amount spent for the Financial Year	463
(iii)	Excess amount spent for the financial year [(ii)-(i)]	47
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	47

7. Details of Unspent CSR amount for the preceding three financial years: Nil

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

S. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/ Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. 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.

Samir Dhir
Managing Director & CEO

Radhika Rajan
Chairperson of CSR Committee

Date: 13th May, 2023

Date: 13th May, 2023

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 March 31, 2023, 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	Gapbuster Worldwide Pty Limited	Encore IT Services Private Limited
Nature of relationship	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Subsidiary with 49% holding	Wholly owned subsidiary	Step-down subsidiary	Step-down subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Step-down subsidiary	Wholly owned subsidiary
Nature of contracts/ arrangements/ transactions:												
Rendering of services	-	32,033	4	10,021	-	909	157	130	-	394	226	-
Sale of product	-	12	-	-	-	-	-	-	-	-	-	-
Software license fees paid	12,151	-	-	-	-	108	-	-	-	-	126	-
Commission on sales	-	-	-	-	-	35	-	-	-	-	-	-
Reimbursement of expenses received	1	78	-	178	-	-	-	22	-	8	-	-
Reimbursement of expenses paid	-	47	-	38	-	-	-	-	-	-	-	-
Inter corporate deposits given	9,410	-	-	-	-	-	-	-	-	-	-	-
Inter corporate deposits recovered	9,410	-	-	-	-	-	-	-	-	-	-	-
Interest received on inter corporate deposits	54	-	-	-	-	-	-	-	-	-	-	-
Recovery of rent	96	-	-	-	-	-	-	-	-	-	-	-
Dividend received	12,509	-	-	-	-	267	-	-	-	-	-	300
Commission received on guarantees given on behalf of Subsidiary	331	61	-	-	-	-	-	-	-	-	-	-

Notes:

- Duration of the above Contracts / Arrangements / transactions with subsidiaries 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

PRADIP P SHAH

Chairman

Date: 13th May, 2023

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 2022-23:

Name of Director	Designation	% of increase compared to previous year	Ratio to Median remuneration of employees	% of Revenues	% of Profits after tax
Pradip P. Shah	Chairman & Director	1.4%	3.52	0.05%	0.20%
P Srikar Reddy	Executive Vice Chairman & Whole-Time Director	27.03%*	114.28	1.54%	6.42%
S. B. Ghia	Director	0.92%	3.55	0.05%	0.20%
Viren Raheja	Director	2.4%	3.44	0.05%	0.19%
Radhika Rajan	Director	1.39%	3.54	0.05%	0.20%
Sanjay Asher	Director	1.41%	3.49	0.05%	0.20%
Samir Dhir^	Managing Director & CEO	-	127.69	1.72%	7.18%

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

^Appointed on 9th May, 2022.

- (ii) The percentage increase in remuneration of Chief Financial Officer & Company Secretary, in the Financial Year 2022-23:

Name of Person	Designation	% of increase compared to the previous year	% of Revenues	% of Profits after tax
Jagannathan C N	Chief Financial Officer	23.58%*	0.27%	1.11%
Mangal K Kulkarni	Company Secretary and Head-Legal	33%*	0.10%	0.42%

* Includes Bonus plan in lieu of Stock Appreciation Rights.

- (iii) The percentage increase in the median remuneration of employees in the Financial Year 2022-23:

The percentage increase in the median remuneration of Sonata during the Financial Year under review is 12.15%. This has been arrived by comparing the median remuneration of the cost-to-the Company as on 31st March, 2023 as compared to the previous year 31st March, 2022.

- (iv) The number of permanent employees on the rolls of the Company as on 31st March, 2023: 3,705 employees.

The total employee strength across the group as on 31st March, 2023 - 6,434 as against 5,158 as on 31st March, 2022.



- (v) Average percentile 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 11.94% as compared to the average increase in the managerial remuneration of 59.05%. 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.

- (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

Date: 13th May, 2023

PRADIP P SHAH
Chairman

REPORT ON CORPORATE GOVERNANCE

Your Company complies with the requirements of the guidelines on Corporate Governance stipulated under the 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 2022-23 based on the said requirements and its sound Corporate Governance principles and practices.

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 with any laws and regulations."

Corporate Governance at your Company is implemented through robust governance processes, internal control systems and processes, and audit mechanisms at all levels. These are further articulated in the Company's Code of Business Conduct, and charters of various Committees of the Board. The Company aspires to be amongst the best-governed companies by building a resilient and responsible organization.

The Company has also been conferred the 'Golden Peacock Award for Excellence in Corporate Governance – 2022', by the Institute of Directors, India, second time in a row.

II. BOARD OF DIRECTORS

Your Company has an energetic, engaged, experienced, diverse, and well-informed Board. Your Company's Board of Directors comprises an optimum combination of professionals with expertise, diversity, Independence and has an optimum mix of Executive and Non-Executive Directors. The Board of Directors of your Company as of 31st March, 2023 comprised of seven Directors of which one is a Non-Executive Promoter Director, one is a Non-Executive Director, two are Executive Directors and three are Independent Directors (including one women director). 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.

The Company has also adopted a policy on Board Diversity. The diverse Board with distinct experience, thought, perspective, skill sets, gender, and expertise ensures constructive deliberations and effective decision-making. All the Directors on the Board are persons of eminence and bring a wide range of expertise, knowledge, and experience to the Board thereby ensuring the best interest of the stakeholders and the Company.

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 Chairperson 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 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 databank 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 (SEBI)/the Ministry of Corporate Affairs (MCA) or any such statutory authority. In the opinion of the Board, the Independent Directors fulfill 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, Practicing 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.

As permitted by MCA & SEBI, five (5) Board meetings in FY 2022-23 were held through Video Conferencing and one (1) Board meeting was held in physical mode.

During the Financial Year 2022-23, six (6) 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 7th April, 2022, 29th April, 2022, 25th July, 2022, 18th October, 2022, 24th January, 2023 and 9th March, 2023. The necessary quorum was present at all the meetings. The video conferencing facilities were arranged for Directors for participating in Board and Committee Meetings, in consonance with the applicable Laws and Regulations.

During the Financial Year 2022-23, information as mentioned in Schedule II Part A of the Listing Regulations has been placed before the Board for its consideration. The Board obtained declarations from the respective functional heads confirming the compliances with all applicable laws during the Financial Year under review.

Chairman

The Chairman of the Board is Mr. Pradip P Shah, an Independent Director. The Company has separated the roles of the Chairman and the Managing Director & CEO to have a balanced governance structure. The Chairman takes a lead role in managing the Board and facilitates effective communication among directors and 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 <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

The names, designation and categories of the Directors and their shareholdings in the Company as of 31st March, 2023 are furnished below:

Name of the Director & DIN	Designation	Category	Equity shareholdings in the Company
Mr. Pradip P Shah (00066242)	Chairman & Director	Independent Director	Nil
Mr. S B Ghia (00005264)	Director	Non-Executive Director	6,666
Mr. Viren Raheja (00037592)	Director	Promoter, Non-Executive Director	11,000,000
Mr. P Srikar Reddy* (00001401)	Executive Vice Chairman & Whole-time Director	Executive Director	17,08,664
Ms. Radhika Rajan (00499485)	Director	Independent Director	Nil
Mr. Sanjay K Asher (00008221)	Director	Independent Director	Nil
Mr. Samir Dhir** (03021413)	Managing Director & CEO	Executive Director	Nil

*Appointed as an Executive Vice Chairman & Whole-Time Director w.e.f. 14th February, 2023.

** Appointed as a Whole-time Director & CEO w.e.f. 9th May, 2022 and Managing Director & CEO w.e.f. 14th February, 2023.

Detailed profiles of all the Board members, comprising their experience, expertise, etc., are available on the Company's website at <https://www.sonata-software.com/board-of-directors>

Details of the Directors attendance during the Financial Year 2022-23 and at the last Annual General Meeting, number of Directorships in other Indian companies and committee memberships/ Chairpersonship held by them in Indian Public Companies as of 31st March, 2023 are furnished below:

Name of the Director	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Attendance at the last AGM held on 24 th June, 2022	No. of Directorships held in other Indian Companies	No. of Committee Memberships/ Chairpersonship held in other Indian Public companies*	
					As Chairperson	As Member
Mr. Pradip P Shah	6	6	Yes	14	2	7
Mr. S B Ghia	6	6	Yes	2	1	4
Mr. Viren Raheja	6	6	Yes	11	0	3
Mr. P Srikar Reddy	6	6	Yes	3	0	3
Ms. Radhika Rajan	6	6	Yes	3	1	3
Mr. Sanjay K Asher	6	6	Yes	13	4	9
Mr. Samir Dhir**	4	4	Yes	0	0	0

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

** Mr. Samir Dhir was appointed as a Whole-time Director & CEO w.e.f. 9th May, 2022 and Managing Director & CEO w.e.f. 14th February, 2023.

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, Chairman
	Pfizer Limited	Non-Executive - Independent Director, Chairman
	KSB Limited	Non-Executive - Independent Director
	BASF India Limited	Non-Executive - Independent Director, Chairman
	Bajaj Auto Limited	Non-Executive - Independent Director
	Bajaj Holdings & Investment Limited	Non-Executive - Independent Director
Mr. S B Ghia	Futura Polyesters Limited	Managing Director, Chairman
	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	Deepak Nitrite Limited	Non-Executive - Independent Director
	Sudarshan Chemical Industries Limited	Non-Executive - Independent Director
	Ashok Leyland Limited	Non-Executive - Independent Director
	IndusInd Bank Limited	Non-Executive - Independent Director
	Sun Pharmaceutical Industries Limited	Non-Executive - Independent Director
	Meghmani Finechem Limited	Non-Executive - Independent Director
Mr. Samir Dhir	-	-

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, size, and operations. 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.

The key attributes primarily and broadly are:

- I. General Management of Corporate Affairs, Corporate Governance
- II. General Information Technology and related fields; General IT Knowledge
- III. Law, Taxation, Finance
- IV. Behavioral Science
- V. Strategy Management, Sales & Marketing, Global Business
- VI. Leadership abilities

These skills/competencies are broad-based, encompassing several areas of expertise/experience of the Board Members and below mentioned the areas of focus or expertise of individual member.

- **PRADIP P SHAH** - Mr. Pradip P Shah is a non-executive Independent Director and Chairman of the Company. He has a diverse range of expertise and extensive experience across multiple domains, including corporate governance, strategy management, general IT, behavioral science, and leadership abilities. While his primary areas of focus are centered around finance and private equity advisory, he also possesses a high level of proficiency in matters encompassing law and tax.
- **S B GHIA** - Mr. S B Ghia is a non-executive Director of the Company. His areas of experience encompass corporate governance, general IT knowledge, leadership abilities, strategy management, and behavioral science. He has proficiency in finance, tax, and law.
- **VIREN RAHEJA** - Mr. Viren Raheja is a non-executive Promoter Director of the Company. He has a diverse range of skills and expertise, including corporate governance, general IT knowledge, global business, behavioral science, law, and tax. While he possesses a wide-ranging knowledge base encompassing multiple domains, his primary areas of focus revolve around finance and strategy management.
- **RADHIKA RAJAN** - Ms. Radhika Rajan is a non-executive Independent Director of the Company. She is a results-focused financial-market professional with a wide range of expertise across various domains. Her skill set encompasses corporate governance, general IT knowledge, strategy management, leadership abilities, and behavioral science, intersection between Law, Tax, and Finance.
- **SANJAY K ASHER** - Mr. Sanjay K Asher is a non-executive Independent Director of the Company. He possesses a wealth of expertise and experience across multiple domains, particularly in various areas of law with specialization in corporate and commercial law. In addition to his legal expertise, he also brings a diverse skill set encompassing corporate governance, tax, finance, general IT knowledge, behavioral science, strategy management, and leadership abilities.
- **P SRIKAR REDDY** - Mr. P. Srikar Reddy is the Executive Vice Chairman and Whole-time Director of the Company. He possesses a diverse range of expertise and experience in the information technology, strategy management. His skill set extends to implementing effective corporate governance practices, behavioral science, finance, tax, and law. His strong leadership abilities and special focus on global business contribute to his comprehensive understanding of these areas.
- **SAMIR DHIR** - Mr. Samir Dhir is the Managing Director & CEO of the Company. As a business leader and technologist, he possesses a broad skill set and extensive expertise across multiple domains. He has a strong knowledge of IT services industry, sales, marketing, delivery, talent, and operations. He is well-versed in technological advancements and their applications for Enterprises. His special focus on creating

customer and employee success and building scaled global businesses comprehensively differentiates Sonata. His proficiency includes corporate governance, finance, behavioral science, and leadership abilities.

In addition to above, each director may possess varied combinations of skills/experience within the described set of parameters. Profile of all directors are available on the Company's website at www.sonata-software.com.

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 or preferential issue or qualified institutions placement, 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.
23. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary;
24. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

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 five (5) times on 29th April, 2022, 25th July, 2022, 18th October, 2022, 24th January, 2023 and 9th March, 2023.

The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013. The previous AGM of the Company was held on 24th June, 2022 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 and other experts on a need basis. 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	5	5
Mr. S B Ghia	Non-executive Director	Member	5	5
Ms. Radhika Rajan	Independent Director	Member	5	5
Mr. Sanjay K Asher	Independent Director	Member	5	5

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 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 recommending 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 based on 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 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. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. Devising a policy on diversity of the Board of Directors;
5. 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 the evaluation of every directors' performance;
6. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
7. 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, the 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 five (5) times on 7th April, 2022, 29th April, 2022, 25th July 2022, 18th October, 2022 and 24th January, 2023.

The previous AGM of the Company was held on 24th June, 2022 and was attended by Mr. Sanjay K Asher, Chairman of the Nomination and Remuneration Committee.

• **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 K Asher	Independent Director	Chairman	5	5
Mr. Viren Raheja	Promoter, Non-Executive Director	Member	5	5
Mr. Pradip P Shah	Independent Director	Member	5	5

- **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.

- **Succession Planning**

The Company has implemented an effective mechanism for succession planning which focuses on orderly succession of Board of Directors, Key Managerial Personnel and Senior Management Personnel and other senior officers. Company's succession planning aligns talent management with the Company's objectives and endeavors to mitigate the critical risks such as Vacancy, Readiness and transition. The Nomination and Remuneration Committee implements this mechanism in concurrence with the Board.

- **Details of remuneration paid/payable to all the Directors during the Financial Year ended 31st March, 2023**

₹ in Lakhs

Name	Salary & Perquisites	Commission & Sitting fees	Shares issued under ESOP	Details of service contracts, notice period & severance fees
Mr. Pradip P Shah	-	43.6	-	-
Mr. P Srikar Reddy	1,112 [#]	299	106664	A new agreement dated 11.02.2023 has been signed effective 14.02.2023 for a period of three years appointing him as an Executive Vice Chairman & WTD.
Mr. S B Ghia	-	44	-	-
Mr. Viren Raheja	-	42.6	-	-
Ms. Radhika Rajan	-	43.8	-	-
Mr. Sanjay K Asher	-	43.2	-	-
Mr. Samir Dhir*	1,013	204	Nil	Original agreement was signed effective 09.05.2022 appointing him as a Whole-time Director & CEO and was amended effective 14.02.2023, to redesignate him as Managing Director & CEO. ESOPs will be granted as per employment agreement.

Excluding perquisite value of ESOPs exercised during the year

*Payable in USD. It includes variable pay only for FY 22-23 which will be paid / is payable in FY 23-24 and does not include other long-term incentives which are due and payable only upon fulfillment of certain conditions in FY 24-25 and beyond.

Note: All figures are rounded off.

- **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 fees 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

Committee Charter

The Stakeholders Relationship Committee was constituted and functions in accordance with the requirements of the Companies Act, 2013, Listing Regulations and its Charter.

The Stakeholders Relationship Committee is guided by the Charter adopted by the Board, available on the Company's website, at www.sonata-software.com

- **Terms of Reference**

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

1. Resolve the grievances of the security holders of the listed entity including complaints related to the transfer / transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. 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.
4. 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 (4) times on 28th April, 2022, 23rd July, 2022, 17th October, 2022 and 23rd January, 2023.

The previous AGM of the Company was held on 24th June, 2022 and was attended by Mr. S.B Ghia, Chairman of the Stakeholders' Relationship Committee.

- 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
Mr. Samir Dhir*	Managing Director & CEO	Member	-	-

*appointed w.e.f. 14th February, 2023.

- During the Financial Year under review 64 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

CSR Vision:

To enhance value creation in the community through Sonata's services, conduct and initiatives, to promote sustained growth in the society and community. The objective is to operate its business in an economically, socially and environmentally sustainable manner, while recognizing the interests of all our stakeholders including our community.

Committee Charter

The CSR Committee was constituted and functions in accordance with the requirements of the Companies Act, 2013, Listing Regulations and its Charter.

The CSR Committee is guided by the Charter adopted by the Board, available on the Company's website at www.sonata-software.com



- **Terms of Reference**

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

1. Formulate and recommend to the Board, the 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 the implementation of CSR projects or programs or activities undertaken by the Company.

The CSR Committee met four (4) times during the Financial Year 2022-23 i.e., on 28th April, 2022, 23rd July 2022, 17th October, 2022 and 23rd January, 2023.

CSR Report:

The CSR Report as required under the Companies Act, 2013, for the year ended 31st March, 2023 is attached as Annexure III to the Board's Report, covering the CSR activities, budget, spend, reporting and other details.

- **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	Chairperson	4	4
Mr. P Srikar Reddy	Executive Director	Member	4	4
Mr. S B Ghia	Non-Executive Director	Member	4	4
Mr. Samir Dhir*	Managing Director & CEO	Member	-	-

*appointed w.e.f. 14th February, 2023.

Environmental, Social and Governance (ESG): The CSR Committee discharges oversight responsibility on matters related to organization wide ESG initiatives, priorities, and leading ESG practices.

VII. RISK MANAGEMENT COMMITTEE

Committee Charter:

Pursuant to Regulation 21 of the Listing Regulations, the Board of Directors have 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.

The Risk Management Committee is guided by the Charter adopted by the Board, available on the Company's website, at <https://www.sonata-software.com/sites/default/files/financial-reports/2021-08/risk-management-policy.pdf>

- **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 may be 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 the 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 the appointment, removal, and terms of remuneration of the Chief Risk Officer, if any.
7. To coordinate its activities with the 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 (2) times during the Financial Year 2022-23 i.e., on 13th July, 2022 and 19th December, 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
Mr. Samir Dhir*	Managing Director & CEO	Member	1	1

*appointed w.e.f. 25th July, 2022.

VIII. INDEPENDENT DIRECTORS' MEETINGS

For the Board to exercise free and fair judgment in all matters related to the functioning of the Company as well as the Board, the independent directors need to have meetings without the presence of the executive management. The Independent Directors met more than once and discussed among other matters the performance of the Company and risks faced by it, competition, strategy, leadership strengths, and also assessed the quality, quantity, and timeliness of the flow of information between the Company's management and the Board, and succession planning.

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 2022-23 without the attendance of the Non-Independent Directors and members of the management. Apart from yearly meeting, the Independent Directors alone also meet quarterly on need basis prior to the Audit Committee Meeting or prior to the Nomination and Remuneration Committee meeting.

IX. SHAREHOLDERS MEETINGS

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

Financial Year	Date	Venue	Time (IST)
2019-20	11.08.2020	Held through Video conferencing / other Audio-visual means	4.00 p.m.
2020-21	16.08.2021	Held through Video conferencing / other Audio-visual means	4.00 p.m.
2021-22	24.06.2022	Held through Video conferencing / other Audio-visual means	4.00 p.m.

- **Special Resolutions were passed in the previous three AGMs as detailed below:**

- Financial year 2019-20 – No Special Resolutions were passed.
 - Financial year 2020-21 – No Special Resolutions were passed.
 - Financial year 2021-22 – Yes, the following Special Resolution was passed for:
 - Approval of the continuation of Mr. Shyam Bhupatirai Ghia as a Non-Executive Non-Independent Director after attaining the age of 75 years.
- None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.
 - The details of the Postal Ballots undertaken during the financial year ended 31st March, 2023 are as follows:

- Postal Ballot conducted for issue of Bonus shares:**

Date of Postal Ballot Notice	:	July 25, 2022
Voting period	:	August 4, 2022 to September 2, 2022
Date of approval	:	September 2, 2022
Date of declaration of result	:	September 3, 2022

Brief particulars of the resolution	Type of Resolution	No. of votes polled	Votes cast in favour		Votes cast against	
			No. of votes	%	No. of votes	%
Issue of Bonus Shares	Ordinary Resolution	5,27,20,703	5,14,58,763	97.61	12,61,940	2.39

- Postal Ballot was conducted for the Re-designation / appointment of Mr. Samir Dhir (DIN: 03021413) as Managing Director & CEO of the Company and the appointment of Mr. P Srikar Reddy (DIN: 00001401) as Executive Vice Chairman and Whole-Time Director of the Company.**

Date of Postal Ballot Notice	:	March 09, 2023
Voting period	:	March 22, 2023 to April 21, 2023
Date of approval	:	April 21, 2023
Date of declaration of result	:	April 25, 2023

Brief particulars of the resolution	Type of Resolution	No. of votes polled	Votes cast in favour		Votes cast against	
			No. of votes	%	No. of votes	%
Re-designation / appointment of Mr. Samir Dhir (DIN: 03021413) as Managing Director & CEO of the Company	Ordinary Resolution	7,28,41,800	7,24,48,147	99.46	3,93,653	0.54
Appointment of Mr. P Srikar Reddy (DIN: 00001401) as Executive Vice Chairman and Whole-Time Director of the Company.	Ordinary Resolution	7,28,40,828	6,20,60,759	85.20	1,07,80,069	14.80

Mr. Vijayakrishna K T, Practicing Company Secretary, was appointed as the scrutinizer for carrying out the postal ballot/e-voting process in a fair and transparent manner for both of the above postal ballots conducted during the Financial Year 2022-23.

X. MEANS OF COMMUNICATION

Quarterly results / other information

- The half yearly/ quarterly results are generally published in Business Standard (all India edition) and in Navshakti (Mumbai edition).
- The quarterly financial results, 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 <https://www.sonata-software.com/about-us/investor-relations/quarterly/results>.
- 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 <https://www.sonata-software.com/about-us/investor-relations>

XI. GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

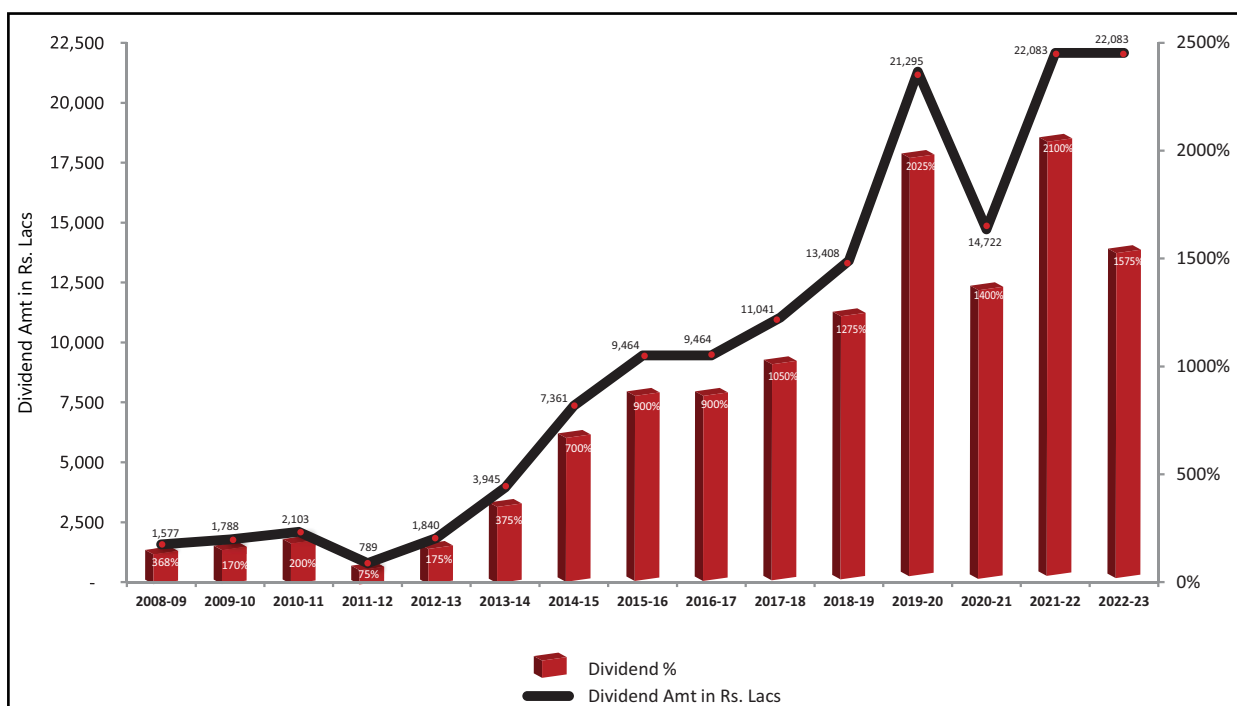
The ensuing Annual General Meeting of the Company will be held on Monday, July 31, 2023 at 10.00 a.m. IST through Video Conferencing (VC) / Other Audio-Visual Means (OAVM). Pursuant to the MCA Circular dated December 28, 2022 read with circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021 and December 14, 2021 and SEBI Circular dated May 12, 2020, January 15, 2021, May 5, 2022 and January 5, 2023 which dispensed the requirement to conduct AGM at a venue for meetings scheduled in the calendar year 2023. For further details, 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 an interim dividend of ₹ 7.00/- per equity share (700%) on 18th October, 2022. The Company has recommended a final dividend of ₹ 8.75/- per equity share (875%) 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 Limited (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 have been paid to the above-mentioned stock exchanges.

(c) As of 31st March, 2023 your Company had 1,10,624 shareholders.

5. Stock Market Data

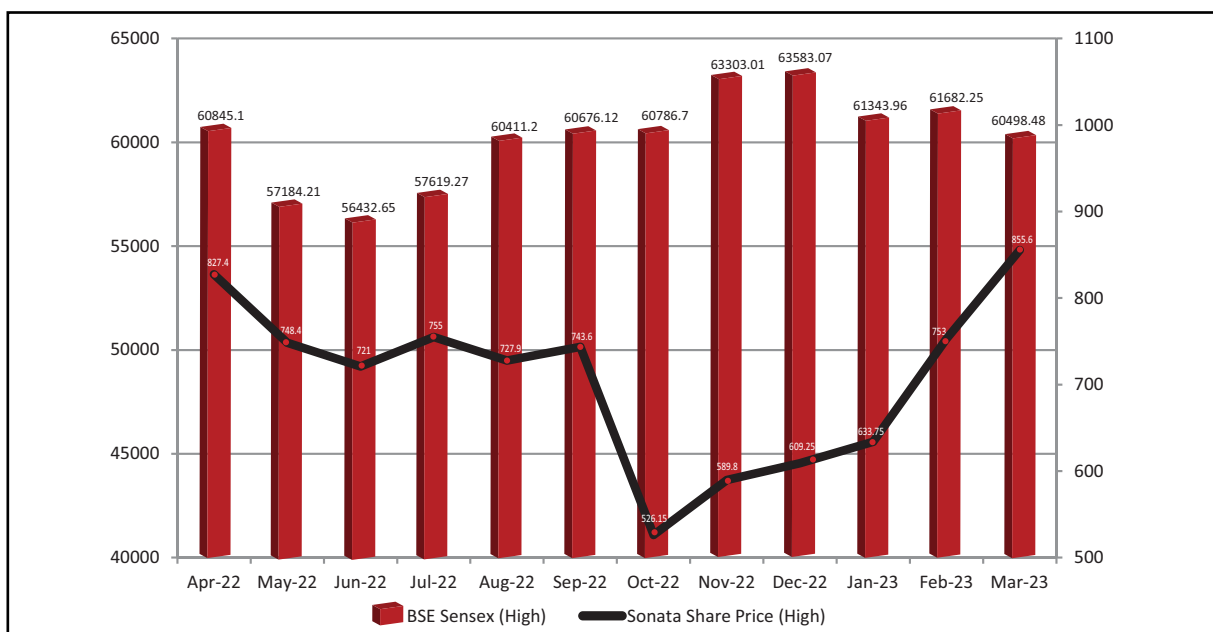
(a) Market Capitalization as of 31st March, 2023:

₹ 11,741.39 crores (BSE)

₹ 11,725.96 crores (NSE)

(b) Number of shares traded during FY 2022-23:

BSE: 47 lakhs (approx.) & NSE: 6.80 Crores (approx.)



(c) The monthly high and low quotations of shares traded at BSE and NSE during financial year 2022-23 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-22	827.00	732.60	827.40	736.00	60845.10	56009.07
May-22	746.50	613.05	748.40	612.85	57184.21	52632.48
Jun-22	720.35	610.00	721.00	610.10	56432.65	50921.22

Month	BSE		NSE		BSE Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High	Low
Jul-22	755.90	654.90	755.00	655.00	57619.27	52094.25
Aug-22	730.25	670.20	727.90	681.00	60411.2	57367.47
Sep-22	742.00	487.20	743.60	487.25	60676.12	56147.23
Oct-22	527.40	493.90	526.15	493.00	60786.7	56683.4
Nov-22	589.55	510.50	589.80	510.00	63303.01	60425.47
Dec-22	608.70	522.05	609.25	523.15	63583.07	59754.1
Jan-23	634.50	553.75	633.75	564.05	61343.96	58699.2
Feb-23	753.00	601.40	753.00	601.30	61682.25	58795.97
Mar-23	855.00	723.00	855.60	722.00	60498.48	57084.91

6. Share Transfer System / Investor Service

Share transfer system

SEBI, effective April 01, 2019, barred the physical transfer of shares of listed companies and mandated transfers only through DEMAT.

However, investors are not barred from holding shares in physical form. We request shareholders whose shares are in the physical mode to dematerialize their shares. Shareholders holding shares in dematerialized mode have been requested to register their email addresses, bank account details, and mobile numbers with their depository participants. Those holding shares in physical mode have been requested to furnish PAN, nomination, contact details, bank account details, and specimen signatures for their corresponding folios. The folios shall be frozen, if any of these details are not available on or after October 01, 2023.

Shareholders may contact the RTA as per the details given under this report.

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 the transfer of shares in the physical form effective 1 April 2019 except in case of request received for transmission or transposition of securities. Further SEBI had fixed March 31, 2021 as the cut-off date for the re-lodgment of transfer deeds and the shares that are re-lodged for transfer shall be issued only in DEMAT mode.

Details of complaints received and resolved from 1st April, 2022 to 31st March, 2023:

Complaints	Received	Resolved	Pending
Non-receipt of dividend	31	31	0
Non-receipt of Annual Report	1	1	0
Others	32	32	0
Total	64	64	0

Investor grievances and investor contacts

The Stakeholders Relationship Committee oversees the redressal of complaints by shareholders and investors.



Sonata holds press meet and investor/analyst calls after every quarterly results announcement, which is made accessible to all the shareholders and the general public. The details of these are sent to the stock exchanges and updated on the website. The Company also holds its Annual General Meeting, which is accessible to all the shareholders. Sonata also participates in various investor conferences where the Management interacts with investors in one-on-one or group meetings. The details of such participation are sent to the exchanges and updated on the website.

Communication with the shareholders

- The quarterly report is sent to the Shareholders to their registered email IDs and the same is sent along with additional information and official news releases, are posted on our website, at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.
- Earnings calls with analysts and investors and their audio recordings along with transcripts are published on our website, at <https://www.sonata-software.com/about-us/investor-relations/quarterly/results>.
- Other information, such as press releases, stock exchange disclosures and presentations made to investors and analysts, etc., is regularly updated on the Company's website.

7. Distribution of shareholding

(a) Distribution Schedule

Range of equity shares held	As of 31 st March, 2023				As of 31 st March, 2022			
	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	98222	88.79	6139485	4.38	85789	91.15	5421704	5.16
501-1000	5697	5.15	4010989	2.86	4138	4.40	3247546	3.09
1001-5000	5420	4.90	10686260	7.62	3287	3.49	6953771	6.61
5001-10000	633	0.57	4351922	3.10	408	0.43	2854418	2.71
Over 10001	652	0.59	115023752	82.04	497	0.53	86681867	82.43
Total	110624	100.00	140212408	100.00	94119	100.00	105159306	100.00

(b) Shareholding Pattern

Category	As on 31 st March, 2023				As on 31 st March, 2022			
	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	39497931	28.17	7	0.01	29623450	28.17
Body Corporates	919	0.83	4345358	3.10	637	0.68	2685196	2.55
FII / NRIs	3174	2.87	20301387	14.48	2402	2.55	15904623	15.12
IFIs/Mutual Funds/Banks	45	0.04	19441248	13.87	26	0.03	15451215	14.69
Trusts	9	0.01	1648620	1.18	7	0.01	1345375	1.28
Clearing Members	70	0.06	28365	0.02	69	0.07	92276	0.09
Public	106400	96.18	54949499	39.18	90971	96.65	40057171	38.09
Total	110624	100.00	140212408	100.00	94119	100.00	105159306	100

(c) Top five equity shareholders of the Company.

Name of the shareholders	As at March 31, 2023		As at March 31, 2022	
	No. of shares*	% of holding	No. of shares	% of holding
Hemendra M Kothari	12,799,993	9.13%	9,600,000	9.13%
Akshay Rajan Raheja	11,000,000	7.85%	8,250,000	7.85%
Viren Rajan Raheja	11,000,000	7.85%	8,250,000	7.85%
Suman R Raheja	9,200,000	6.56%	6,900,000	6.56%
HDFC Multi cap fund (formerly known as HDFC small cap fund)	11,432,645	8.15%	7,774,103	7.39%

* Also includes issuance of bonus shares in September 2022 in the ratio of 1:3

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 viz., KFin Technologies Limited.

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, 2023		As on 31 st March, 2022	
	No. of Shares	% of paid-up share capital	No. of Shares	% of paid-up share capital
Physical	8,36,524	0.59	7,50,780	0.71
Electronic	13,93,75,884	99.41	10,44,08,526	99.29
Total	14,02,12,408	100	10,51,59,306	100.00

Number of Shares dematerialized during FY 2022-23: 136,700 Shares.

Number of Shares rematerialized during FY 2022-23: 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. Visit <https://www.sonata-software.com/about-us/locations> for more details.

11. The details of credit rating of the Company as at 31st March, 2023 is given below:

Credit Rating Agency	Instrument details	Amount (in million)	Rating
India Ratings & Research	Fund based working capital	INR 1015	IND AA-/Stable/ IND A1+
India Ratings & Research	Non fund based working capital	INR 1130	IND AA-/Stable/ IND A1+

12. Tentative financial calendar for FY 2022-23

Financial results for the first quarter ending 30 th June, 2023	July, 2023
Financial results for the second quarter ending 30 th September, 2023	October, 2023
Financial results for the third quarter ending 31 st December, 2023	January, 2024
Financial results for the financial year ending 31 st March, 2024	May, 2024
Annual General Meeting for the year ending 31 st March, 2024	July, 2024



13. Address and contact details of the Company and Registrar & Share Transfer Agent

Company Secretary

Sonata Software Limited
1/4, APS Trust Building,
Bull Temple Road N R Colony, Bangalore - 560 004, India
Tel: (080) 67782669,
Email: investor@sonata-software.com
Website: <https://www.sonata-software.com/>

Name of RTA: KFin Technologies Limited

(formerly known as KFin Private Limited)
Registrars and Share Transfer Agents
Kary 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: <https://www.kfintech.com>

XII. 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 behavior, 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 https://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 2022-23.

D. Website of the Company:

The Company ensures dissemination of applicable information under Regulation 46(2) of the Listing Regulations on the Company's website at <https://www.sonata-software.com/about-us/investor-relations>

E. Reporting of Internal Auditor

The Internal Auditors reports to the Chairperson of the Audit Committee and liaisons administratively with the Chief Financial Officer. The Internal Auditor had regular and exclusive meetings with the Audit Committee on matters relating to audit, risk and compliance amongst other matters.

F. Mandatory/Non-Mandatory Requirements

During the Financial Year 2022-23, the Company –

- (a) has duly complied with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- (b) 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.

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

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

H. 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 <https://www.sonata-software.com/sites/default/files/financial-reports/2022-01/policy-on-related-party-transactions.pdf>

I. 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.

J. Details of Utilisation of Fund

During the year under review, your Company has not raised any fund through preferential allotment or qualified institutions placement as specified under Regulation 32(7A) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

K. Certificate from Company Secretary in Practice

The Company has obtained a certificate from Mr. Parameshwar G Hegde a 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 Practicing Company Secretary is annexed to this Report.

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

None.

M. 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	₹ in lakhs
Remuneration for audit of the Company and its subsidiaries	125
Remuneration for other services	4
Re-imbusement of out-of pocket expenses	7
Total	136



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

The Company is committed to ensuring that all employees work in an environment that not only promotes diversity and equality but also mutual trust, equal opportunity, and respect for human rights.

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition, and Redressal) Act, 2013 and the Rules made thereunder, the Company has adopted a gender-neutral Policy on Prevention, Prohibition, and Redressal of Sexual Harassment of Women at Workplace, for the prevention of sexual harassment which is aimed at providing all employees a safe, secure and dignified work environment and constituted an Internal Complaints Committee to deal with complaints relating to sexual harassment at workplace.

Further, the Policy also gives shelter to contract workers, probationers, temporary employees, trainees, apprentices of the Company, and any person visiting the Company at its office. The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment in the workplace. The Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace has been uploaded on the Company's website at https://www.sonata-software.com/sites/default/files/financial-reports/2022-01/posh-policy_0.pdf

- a. the number of complaints filed during the financial year: Nil
- b. number of complaints disposed of during the financial year: Nil
- c. the number of complaints pending as of the end of the financial year: Nil

O. Subsidiaries

As on 31st March, 2023, Your Company had 26 subsidiaries (including IBIS Inc., the merged entity and Sonata Software FZ-LLC, the liquidated entity). During the financial year, Sonata Information Technology Limited, Sonata Software Solutions Limited and Sonata Software North America Inc., are considered as material Subsidiaries.

- Sonata Information Technology Limited
In terms of the Company's Policy on determining "material subsidiary", during the financial year ended 31st March, 2023 Sonata Information Technology Limited was determined as a material subsidiary whose income/net worth exceeds 10% of the consolidated income/net worth of the Company in the immediately preceding financial year. Sonata Information Technology Limited was incorporated on 29th June, 2000 and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. B S R & Co LLP, Chartered Accountants (Registration No. 101248W/W-100022) conducts audit.
- Sonata Software Solutions Limited
In terms of the Company's Policy on determining "material subsidiary", during the financial year ended 31st March, 2023, Sonata Software Solutions Limited was determined as a material subsidiary whose income exceeds 10% of the consolidated income of the Company in the immediately preceding financial year.

Sonata Software Solutions Limited was incorporated on 24th February, 2020 and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. B S R & Co LLP, Chartered Accountants (Registration No. 101248W/W-100022) conducts audit.
- Sonata Software North America Inc.
In terms of the Company's Policy on determining "material subsidiary", during the financial year ended 31st March, 2023 Sonata Software North America Inc was determined as a material subsidiary whose income exceeds 10% of the consolidated income of the Company in the immediately preceding financial year. Sonata Software North America Inc was incorporated on 17th April, 1992 in the State of California, United States of America. as local audit is not applicable, no statutory auditors are appointed.

XIII. 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.

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.

XIV. 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.

XV. DECLARATION

I, Samir Dhir, Managing Director and CEO of Sonata Software Limited, 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, 2023.

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

According 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) of the interim dividend for the financial year 2015-16 and onwards are requested to make their claims without any delay.

The members who have a claim on the 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 Form No. IEPF-5. No claims shall lie against the Company in respect of the dividend / shares so transferred.

According 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 of such beneficial owners shall be required to be transferred to the Fund established by the Authority. Shareholders are therefore requested to contact Kfin Technologies Limited, Registrar and Share Transfer Agent concerning their unclaimed dividends.

The Company sends regular reminders to shareholders to claim their unclaimed dividends/shares before it is transferred to the IEPF. Shareholders may note that both the unclaimed dividends and corresponding shares transferred to the IEPF, including all benefits accruing on such shares, if any, can be claimed from the IEPF following the procedure prescribed in the Rules. No claim shall lie in respect thereof with the Company.

XVII. CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

The Practicing Company Secretary's certificate on corporate governance is annexed to the Corporate Governance Report.



CEO / CFO CERTIFICATION

To

The Board of Directors
Sonata Software Limited
Mumbai

We, Samir Dhir, Managing Director & CEO and Jagannathan C N, Chief Financial Officer of Sonata Software Limited, to the best of our knowledge and belief, certify that:

- (a) We have reviewed Financial Statements and the Cash Flow Statements for the year ended March 31, 2023 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 March 31, 2023, 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 March 31, 2023, there were;
 - (i) No significant changes in Internal Control over financial reporting during the year under review;
 - (ii) No significant changes in accounting policies during the year under review and that the same have been disclosed in the notes to the financial statement; 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.

Samir Dhir
Managing Director & CEO

Date: May 13, 2023

Jagannathan C N
Chief Financial Officer

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, 2023.

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, 2023.

Place: Bengaluru
Date: May 13, 2023

P. G. HEGDE
Hegde & Hegde
Company Secretaries
FCS: 1325 / C.P.No: 640
UDIN: F001325E000297731

Certificate of Non-Disqualification of Directors

(Pursuant to clause 10 of Part C of Schedule V to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015)

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, 2023, 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: May 13, 2023

P. G. HEGDE
Hegde & Hegde
Company Secretaries
FCS: 1325 / C.P.No: 640
UDIN: F001325E000297676



Business Responsibility and Sustainability Report (BRSR)

SECTION A General disclosure

SECTION B Management and process disclosure

SECTION C Principle-wise performance disclosure

Principle 1	Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent, and accountable
Principle 2	Businesses should provide goods and services in a manner that is sustainable and safe
Principle 3	Businesses should respect and promote the well-being of all employees, including those in their value chains
Principle 4	Businesses should respect the interests of and be responsive to all its stakeholders
Principle 5	Businesses should respect and promote human rights
Principle 6	Businesses should respect and make efforts to protect and restore the environment
Principle 7	Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
Principle 8	Businesses should promote inclusive growth and equitable development
Principle 9	Businesses should engage with and provide value to their consumers in a responsible manner

SECTION A: General disclosure

I. Details of the listed entity

1.	Corporate Identity Number (CIN) of the Company	L72200MH1994PLC082110
2.	Name of the Company	Sonata Software Limited
3.	Year of Incorporation	1994
4.	Registered office address	Sonata Software Limited 208, T V Industrial Estate, 2 nd Floor, S K Ahire Marg, Worli, Mumbai, Maharashtra 400 030, India
5.	Corporate office address	Sonata Software Limited 1/4, APS Trust Building, Bull Temple Road, N. R. Colony, Bangalore Karnataka 560 004, India
6.	E-mail	info@sonata-software.com
7.	Telephone	(O) +91-80-6778 1996
8.	Website	https://www.sonata-software.com/
9.	Financial year for which reporting is being done	FY 2022-23
10.	Name of the Stock Exchange(s) where shares are listed	<ul style="list-style-type: none"> • BSE Limited (BSE) • National Stock Exchange of India Limited (NSE)
11.	Paid-up Capital	Rs. 14,02,12,408
12.	Name and contact details (telephone, email address) of the person for BRSR Reporting	info@sonata-software.com
13.	Reporting boundary	Consolidated

II. Product/Services

14. Details of business activities (accounting for 90% of the turnover):

S.No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Information Technology Services and Solutions	Platform-based digital transformation, supporting businesses to become connected, open, intelligent, and scalable Computer Programming consultancy and related activities	>90% of the turnover

15. Products/Services sold by the entity (accounting for 90% of the turnover):

S.No.	Product/Services	NIC Code	% of total turnover contributed
1	Computer Programming, consultancy and related activities	72291	100%

III. Operations

16. Number of locations where plants and/or operations/offices of the entity are situated:

S.No.	Location	Number of plants	Number of offices	Total
1	National	0	10	10
2	International	0	17	17

17. Markets served by the entity

a. Number of locations served

S.No.	Number of Locations served	Number
1	National (Number of states)	7
2	International (Number of countries)	12

b. What is the contribution of exports as a percentage of the total turnover of the entity?

Contribution of exports is 35% of total turnover of the entity.

c. Briefly explain the types of customers

Sonata has presence across various sectors that include manufacturing, retail, e-commerce, and pharmaceuticals with a geographic presence across America, Europe and APAC. Sonata's focus has been on the following industry verticals:

- Retail
- ISV Independent Software Vendors (ISVs)
- Agri Manufacturing
- Manufacturing & Distribution
- Travel
- Service Industries
- Healthcare
- BFSI
- Service industries

IV. Employees

18. Details as at the end of Financial Year:

a. Employees and workers (including differently abled):

S.No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
Employees						
1.	Permanent (D)	5605	3894	69%	1711	31%
2.	Other than permanent (E)	829	592	71%	237	29%
3.	Total employees (D+E)	6434	4486	70%	1948	30%
Workers						
4.	Permanent (F)	0	0	0	0	0
5.	Other than permanent (G)	137	121	88%	16	12%
6.	Total workers (F+G)	137	121	88%	16	12%

b. Differently abled Employees and workers*:

S.No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
Differently abled Employees						
1.	Permanent (D)	Not Captured	Not Captured	Not Captured	Not Captured	Not Captured
2.	Other than permanent (E)	Not Captured	Not Captured	Not Captured	Not Captured	Not Captured
3.	Total Differently abled employees (D+E)	Not Captured	Not Captured	Not Captured	Not Captured	Not Captured
Differently abled Workers						
4.	Permanent (F)	0	0	0	0	0
5.	Other than permanent (G)	0	0	0	0	0
6.	Total Differently abled workers (F+G)	Not Captured	Not Captured	Not Captured	Not Captured	Not Captured

* We have gender neutral and no discrimination-based employment policy, We have specially abled employees but the numbers are not captured currently.

19. Participation/Inclusion/Representation of women

	Total	No. and percentage of Females	
	No. (A)	No. (B)	% (B/A)
Board of Directors	7	1	14.29%
Key Management Personnel	4	1	25%

20. Turnover rate for permanent employees and workers

Category	FY 2023			FY 2022			FY 2021		
	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)	Total (%)		
Permanent employees	17%	15%	16%	28%	24%	27%	22%		
Permanent workers	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable

V. Holding, Subsidiary and Associate Companies (including Joint ventures)

21. Names of holding / subsidiary / associate companies / joint ventures

S.no.	Name of the holding / subsidiary / associate companies / joint ventures	Is it a holding/ Subsidiary/ Associate/ Joint Venture	% of shares held by listed entity	Does the entity participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Sonata Information Technology Limited	Subsidiary	100	Yes
2	Sonata Software Solutions Limited	Subsidiary	100	Yes
3	Encore IT Services Solutions Private Limited	Subsidiary	100	Yes
4	Sonata Software North America Inc.	Subsidiary	100	Yes
5	Sonata Software FZ LLC +	Subsidiary	100	Yes
6	Sonata Software GmbH	Subsidiary	100	Yes
7	Sonata Europe Limited, UK	Subsidiary	100	Yes
8	Sonata Software (Qatar) LLC	Subsidiary	49	Yes
9	Interactive Business Information Systems Inc.^	Subsidiary	100	Yes
10	Sonata Australia Pty Ltd	Subsidiary	100	Yes
11	Sopris Systems LLC	Subsidiary	100	Yes
12	Gapbuster Ltd	Subsidiary	100	Yes
13	Encore Software Services Inc.	Subsidiary	100	Yes
14	Sonata Software Canada Limited	Subsidiary	100	Yes
15	Gapbuster Europe Limited	Subsidiary	100	Yes
16	Gapbuster Inc.	Subsidiary	100	Yes
17	Gapbuster Worldwide Pty Limited	Subsidiary	100	Yes
18	Gapbuster China Co. Limited	Subsidiary	100	Yes
19	Gapbuster Worldwide Malaysia SDN BHD.	Subsidiary	100	Yes
20	Kabushiki Kaisha Gapbuster Japan	Subsidiary	100	Yes
21	Sonata Software Intercontinental Limited	Subsidiary	100	Yes
22	Sonata Latin America S. de R.L. de C.V	Subsidiary	100	Yes
23	Quant Systems Inc. *	Subsidiary	100	Yes
24	Quant Cloud Solutions Private Limited*	Subsidiary	100	Yes
25	Quant Systems CRC Inc Sociedad de Responsabilidad Limitada*	Subsidiary	100	Yes
26	Woodshed LLC*	Subsidiary	100	Yes

Note: the above details are as on 31st March, 2023.

* Acquired in March 2023

+ Discontinued w.e.f 30th March, 2023

^ Merged in November 2022

VI. CSR Details

22.

i. Whether CSR is applicable as per section 135 of Companies Act, 2013:

Yes. Sub Sections (1) to (5) of Section 135 of the Companies Act 2013 are applicable to our Company and are being complied as applicable.

I. If yes, Turnover - INR 92,086 lakhs (as per standalone financial statements)

II. Net worth - INR 55,360 lakhs

VII. Transparency and disclosure compliances

23. Complaints/grievances on any of the principles (principles 1 to 9) under the National Guidelines on Responsible Business Conduct (NGBRC) –

Stakeholder group from whom? complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2023			FY 2022		
		No of complaints filed during the year	No of complaints pending resolution at close of the year	Remarks	No of complaints filed during the year	No of complaints pending resolution at close of the year	Remarks
Communities	Yes, Our Third-Party Code of Conduct and Business ethics serves as grievance redressal where any external stakeholder can report concerns. https://www.sonata-software.com/sites/default/files/financial-reports/2019-09/Sonata-Third-Party-Code-of-Conduct-and-Business-Ethics-2016.pdf	Nil	Nil	Nil	Nil	Nil	Nil
Investors		Nil	Nil	Nil	Nil	Nil	Nil
Shareholders		64	Nil	All complaints resolved	63	Nil	All complaints resolved
Employees and workers		Nil	Nil	Nil	Nil	Nil	Nil
Customers		Nil	Nil	Nil	Nil	Nil	Nil
Value Chain Partners		Nil	Nil	Nil	Nil	Nil	Nil
Other (please specify)		Nil	Nil	Nil	Nil	Nil	Nil

24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

S. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Human Capital Development, Retention & Labor Practice	Risk	Sonata is a people-focused and talent conscious enterprise and to achieve leadership and scalable growth, the Company has aligned competencies of its human capital with technology enablement. Shifts in the global trends towards adoption of digital solutions have highlighted skilled-labour imbalance. The success of our company largely depends on attracting, motivating and retaining highly skilled technology professionals.	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 organization. Sonata's emphasis on its DNA (Deep Nurtured Attributes) coupled with exciting rewards and recognition, binds employees to the Company.	Positive: Improves people performance, experience and has a direct impact on the Company's growth and customer satisfaction.
2	Corporate Governance & Business Ethics	Risk and Opportunity	Sonata Software Limited is committed to good Corporate Governance. The fundamental objective 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. As regulations get stringent with time, we want to be prepared for future requirements while constantly reviewing our governance practices.	We have policies, processes, and systems to practice our philosophy on Corporate Governance. Policies are reviewed on a periodical basis	Negative: Incorporating policies and practices to ensure good governance enhances stakeholder trust in the organization.
3	Privacy Protection & Cybersecurity	Risk	Expansion of company operations and remote working could lead to increase in data breaches. Effective management is essential to follow regulations across the globe and maintain reputation among clients. We may incur financial liabilities if there are privacy breaches and incidents get reported.	We 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.	Negative: these incidents can lead to regulatory and reputational implications.



S. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Climate Change (Climate Risk & GHG Emissions)	Risk and Opportunity	Climate Change risks are increasingly affecting our operations and profitability. The probability of carbon taxes in the coming years can impact our expanding opportunities. Initial investment for transitioning to low-carbon economy may be higher but long-term cost benefits will materialize through use of renewable energy and energy efficiency measures. We can also drive our revenue from providing climate-related technologies and services.	Sonata has successfully implemented energy efficiency and emission reduction initiatives. It has helped Sonata in reducing operational costs as well as reducing our carbon footprint. Furthermore, we want to transition to Renewable Energy and become Carbon Neutral by 2030 to eliminate dependability on Grid energy.	Positive: Financial implication can be high initially owing to increased operating costs in meeting the environmental standards but provides scope to stay competitive and capitalize on shifting preferences.
5	Customer Relationship Management	Opportunity	Customer relationships are central to our organization. Our ability to grow our customer base depends on the pace at which organizations digitally transform. Our strong digital services have been at the forefront delivering the business transformations for customers, through thought leadership, customer centricity, and execution excellence. To keep up with the changing consumer demand, we 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.	The Platformation offering 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	Positive: Our customer relationships, stakeholder engagement, and proprietary tools to ensure faster time to market and cost savings and agile delivery have helped us acquire new customers and retain existing clients.

S. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6	Human Rights and Health & Safety	Opportunity	Health and Safety of employees & Stakeholders associated with organization is a key ESG issue, especially in this pandemic scenario, organizations taking care of its employee w.r.t COVID assistance, Mental health & general health gain trust among clients & customers. Creating a safe & healthy work environment negates regulatory issues & proves beneficial to company's productivity	Sonata has helped its employees during COVID pandemic, with regard to assistance during hospitalization, vaccination & ambulance. Sonata is also finalizing its EHS policy for offices which will consider Safety of workers at workplace	Positive: Significant interventions for employee engagement, trainings and grievance redressal mechanisms in place have helped in employee retention.
7	Corporate citizenship & Philanthropy	Opportunity	Sonata Software works towards enhancing value creation in the society and in the community in which it operates, through its services, conduct & initiatives, to promote sustained growth in the society and community around it along with environmental concern.	Sonata believes in driving its community wellbeing initiative through a rigorous mechanism and strategy. With help of NGO partners who are working on various community wellbeing aspects, we cater to society. Robust review across levels from leadership to management levels helps in early identification of gaps and resolution	Positive: Impact and positive outcome of our initiatives will help in improved trust and credibility.
8	Risk and Crisis Management	Risk	We are exposed to a variety of risks; financial, business and climate change risks. Our business may be adversely impacted by unforeseen economic reforms, unfavorable currency fluctuations, increasing competition, and regulations across regions.	Our Company's Risk Management practice seeks to sustain the long-term vision and mission of our Company. It continuously evaluates the various business risks and seeks to review and upgrade its risk management process. Our 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.	Negative: Various risks can have negative financial implications.



S. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
9	Innovation Management	Opportunity	At Sonata, we have a strong culture of innovation, our workforce, research, and testing facilities have enabled us to expand the range of our offerings to customers and improve the delivery of our software platform and services. We customize it further to meet requirements from our clients across range of industries, geographies, and service or technical requirements.	<p>Sonata Software launched two flagship events in FY 22-23:</p> <ul style="list-style-type: none"> • Tech Fest: An event showcasing the best in class solutions that we have provided to our clients and prospects. A display of technical process and execution capabilities of Sonata • Sonata Spark: To encourage technology talent at Sonata to innovate for client success and identify solutions that can be incubated for growth. We recognized innopreneurship through funding (Series A, B, C), cash prizes, publications/ applications for patents and an opportunity to get showcased in Sonata CEC (Customer Experience Centre). 	Positive
10	Resource Management (Water & Waste)	Opportunity	Resource efficiency is an opportunity for Sonata to improve process efficiency while minimizing environmental damage. The solutions we have adopted enables significant cost savings and positive impact on our surroundings.	<p>Following our few initiatives, we have in place:</p> <ul style="list-style-type: none"> • Deployment of energy-efficient computers and sophisticated office automation, installation of sensors and energy meters for closed monitoring of AHU run hours on daily basis. • Implemented new technology-based systems for washroom water management named HUIDA where we will be using only 1 to 1.5 Liters for flushing and installed water aerators to the taps. 	Positive: Financial implications are positive resulting from various cost saving measures.

S. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
11	Supply Chain Management	Risk and Opportunity	Sonata has various suppliers who cater to our services & products. There is an increasing need around public disclosure and clients are demanding us on supplier assessment in terms of their ESG performance. We are expected to onboard suppliers who are doing sustainably better, evaluate their performance using ESG indicators. Our business is affected by the performance supplier's business, and we need to be diligent in Sustainable Procurement and Sourcing to carefully navigate supply chain issues.	Sonata is integrating ESG indicators for the purpose of screening suppliers at the time of onboarding in addition to cost and quality. It is a positive step towards inculcating sustainability across the value chain and help our business in sourcing Sustainably.	Positive: Having a structured approach to embed sustainability across the value chain will help us mitigate supply chain risks and disruptions.

SECTION B: Management and process disclosures

1. Policy and Management processes

Points	P1	P2	P3	P4	P5	P6	P7	P8	P9
1. (a) Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
1 (b) Has the policy been approved by the Board? (Yes/No) *	Y	N	N	Y	N	N	N	Y	Y
1 (c) Web Link of the Policies, if available									
P1	https://www.sonata-software.com/sites/default/files/financial-reports/2019-09/Sonata_Vigil_Mechanism.pdf https://www.sonata-software.com/sites/default/files/financial-reports/2019-09/Code-of-Conduct-for-Directors-and-Senior-Management-Employee.pdf https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/code_of_business_conductethics.pdf https://www.sonata-software.com/sites/default/files/financial-reports/2019-09/Sonata-Third-Party-Code-of-Conduct-and-Business-Ethics-2016.pdf								
P2	https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/code_of_business_conductethics.pdf https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/coc_supplier_ve.pdf								
P3	https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/human_rights_policy.pdf https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/dei_policy.pdf https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/ehs_policy.pdf								
P4	https://www.sonata-software.com/sites/default/files/financial-reports/2021-08/corporate-social-responsibility-policy.pdf https://www.sonata-software.com/privacy-policy								

	Points	P1	P2	P3	P4	P5	P6	P7	P8	P9
P5	https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/human_rights_policy.pdf https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/dei_policy.pdf									
P6	https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/sustainability_policy.pdf https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/ehs_policy.pdf									
P7	https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/code_of_business_conductethics.pdf https://www.sonata-software.com/about-us/investor-relations/corporate-governance									
P8	https://www.sonata-software.com/sites/default/files/financial-reports/2021-08/corporate-social-responsibility-policy.pdf https://www.sonata-software.com/about-us/investor-relations/corporate-governance									
P9	https://www.sonata-software.com/sites/default/files/financial-reports/2021-08/corporate-social-responsibility-policy.pdf https://www.sonata-software.com/about-us/investor-relations/corporate-governance									
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	a. ISO 9001: 2015 for Quality management system. b. ISO 20000-1 for Information Security Management System c. ISO 27001 for Information Security Management System d. IGBC Platinum Rating – Green Interior Rating System for Sonata Software Solutions Limited (Subsidiary of Sonata Software Limited) e. CMMI- Best Practices for Product Engineering Development and Quality for ensuring predictable outcomes and driving continuous improvement f. Azure Expert Managed Service Provider: Microsoft Certification demonstrating the technical capabilities in the Microsoft Cloud Partner Program. g. 3rd Party Assurance for Greenhouse Gas Emissions Scope1,2,3.								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	We have set the following targets under the E, S and G pillars: Environment: <ul style="list-style-type: none"> Reduce energy intensity by 5% Year on Year (YOY) with FY 2023 as baseline TCFD Reporting and Risk assessment. SbTi Commitment by FY 2024 Social: <ul style="list-style-type: none"> Human Rights Due Diligence Audit/Assessment of 10% Tier-1 suppliers by FY 2024, to be gradually increased on Y-O-Y basis Governance: <ul style="list-style-type: none"> Become UNGC Signatory by FY 2024 Setup Sustainability Council by FY 2024 which shall review the ESG progress periodically 								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	We have an ESG Vision in place that covers five thematic areas namely Climate Change, Human Capital Development & Retention, Labour Practice Indicators, Customer Relationship Management, Human Rights & Health and Safety. We have set targets and target year under each of these areas and will begin to track progress against each target from the following year.								

* All listed policies are approved either by Board or Leadership group reporting to the Board

Governance, leadership and oversight

7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements (listed entity has flexibility regarding the placement of this disclosure)

At Sonata, we remain steadfast in our resolve to conduct business as an environmentally and socially responsible corporate citizen. As a result, environmental, social and governance measures are an integral part of our own operations and that of the partners/vendors/suppliers with whom we work. In spite of the complexities involved in sensitizing and upscaling the suppliers/vendors to establish and adhere to ESG measures in their operations, we are committed to partner with them to raise awareness and build capacity. Towards that end, Sonata provides training and capacity building for Suppliers on ESG and Sustainable Procurement and has set a target to provide training for 30% of Tier-1 suppliers on ESG best practices and undertake audits of 10% of Tier-1 suppliers by FY 2024. As part of our ESG Vision, we have set targets against our material issues under E, S and G pillars. We continue to enhance our data management systems to keep track of the progress we make against each target and communicate to our stakeholders.

Samir Dhir

Managing Director & CEO

8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).

Board level Corporate Social Responsibility (CSR) Committee is responsible for implementation and oversight of the Business Responsibility policy.

9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.

Yes, the Corporate Social Responsibility (CSR) Committee of the Board is also responsible for sustainability related issues. The said Committee comprises of 4 members in which the Chairperson is a Women Independent Director. The Committee meets at least 4 times in a financial year to discuss on CSR/ Sustainability related matters.

10. Details of Review of NGRBCs by the Company

	Subject for Review	a. Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee								
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Performance against above policies and follow up action	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Y	Y	Y	Y	Y	Y	Y	Y	Y
	Subject for Review	b. Frequency (Annually/ Half yearly/ Quarterly/ Any other – please specify)								
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Performance against above policies and follow up action	Annually								
2	Compliance with statutory requirements of relevance to the principles, and the rectification of any non-compliances	Annually								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.

The Policies and procedures are reviewed by external consultants to adopt best practices are followed.

12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated

Not Applicable

SECTION C: Principle-wise performance disclosure

Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.

ESSENTIAL INDICATORS

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year

S.No	Segment	Total number of training & awareness programmes held	Topics / principles covered under the training	% age of persons in respective category covered by the awareness programmes
1	Board of Directors	2 Training sessions (Yearly)	As part of annual strategy planning process, the Company had organized the familiarization programme to its Independent Directors	100%
2	Key Managerial Personnel	2	Business development, ESG Risks and material issues including Environment, Climate change, emissions, Human rights, Diversity and inclusion, Governance, Ethics, Risk management, Supply chain etc.	50%
3	Employees	556	Technical: Azure, AWS, Dynamics, Power Apps, Automate, Agile, Microservices, Angular, React, Full stack for all competencies. Non-Technical: ESG, POSH, Information Security, EHS.	Technical Training 42% Non-Technical: 87%
4	Workers	2	ESG Awareness, EHS Office safety	100%

2. Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by its directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions in FY 2023

No material monetary & non-monetary fines/penalties were paid in FY 2023.

3. Of the instances disclosed in Question 2 above, details of the Appeal / Revision preferred in cases where monetary or nonmonetary action has been appealed

Not Applicable

4. Does the entity have an anti-corruption policy or antibribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. Our Code of Business Conduct and Ethics complies with the legal requirements of applicable laws and regulations, including anti-bribery, anti-corruption and ethical handling of conflicts of interest.

Additionally, we also have an Anti-Corruption Policy in place that applies to all individuals working for all affiliates, subsidiaries, and joint ventures across all levels. It is available internal intranet portal.

Web link- https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/code_of_business_conductethics.pdf

5. Number of Directors / KMPs / Employees against whom disciplinary action was taken by any law enforcement agency for the charges of bribery / corruption

	Segment	FY 2023	FY 2022
1	Directors	Nil	Nil
2	KMPs	Nil	Nil
3	Employees	Nil	Nil
4	Workers	Nil	Nil

6. Details of complaints with regard to conflict of interest

	Segment	FY 2023		FY 2022	
		Number	Remarks	Number	Remarks
1	Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil	Nil	Nil	Nil
2	Number of complaints received in relation to issues of Conflict of Interest of the KMPs	Nil	Nil	Nil	Nil

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators / law enforcement agencies / judicial institutions, on cases of corruption and conflicts of interest.

Nil

LEADERSHIP INDICATORS

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programmes
3	Environmental, Health, Safety, Office Safety, Safe Driving, ESG, Sustainable procurement	4.0%

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

The entity has Code of Conduct for Directors and Senior Management Employees which includes 'conflict of interests' as one of the dimensions and all the Directors on the Boards and Senior Management Personnel affirm compliance with the Code of Conduct annually.



Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe

ESSENTIAL INDICATORS

- 1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

S. No	Segment	FY 2023	FY 2022	Details of improvements in environmental and social impacts
1	R&D	NA	NA	Nil
2	Capex	NA	NA	Nil

2.

- a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)**

Yes, Sonata Software Procurement follows Local and Sustainable procurement. It is mentioned in our Code of Conduct for Suppliers/Vendors Section 4.15 Preferential Procurement. Refer https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/coc_supplier_ve.pdf

We prefer to procure materials/services from localized vendors – and also give preference to local business and marginalized/vulnerable business for procuring our Corporate gifting.

- b. If yes, what percentage of inputs were sourced sustainably?**

We have on going Supplier Assessments with our value chain. Till now 4% of our inputs were sustainably sourced. In FY 23-24, we plan to target our 10% Tier-1 suppliers by FY 2024 for training and cover under Sustainable sourcing.

- 3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for:**

- (a) Plastics (including packaging)**

Not Applicable

- (b) E-waste**

Not Applicable

- (c) Hazardous waste and**

Not Applicable

- (d) other waste**

Not Applicable

- 4. Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

No

LEADERSHIP INDICATORS

- 1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**

NIC Code	Name of Product / Service	% of total Turnover contributed	Boundary for which the Life Cycle Perspective / Assessment was conducted	Whether conducted by independent external agency (Yes/No)	Results communicated in public domain (Yes/No) If yes, provide the web-link.
We have not conducted LCA for our services	NA	NA	NA	NA	NA

2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.

Name of Product / Service	Description of the risk / concern	Action Taken
We have not conducted LCA for our services	NA	NA

3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).

Indicate input material	Recycled or re-used input material to total material	
	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
NA	NA	NA

4. Of the products and packaging reclaimed at end of life of products, amount (in metric tons) reused, recycled, and safely disposed, as per the following format:

Particular	FY 2023 (Current Financial Year)			FY 2022 (Previous Financial Year)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.

Indicate product category	Reclaimed products and their packaging materials as % of total products sold in respective category
NA	NA
NA	NA



Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

ESSENTIAL INDICATORS

1.

a. Details of measures for the well-being of employees:

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Employees											
Male	3894	3894	100%	3894	100%	Nil	Nil	Nil	Nil	-	-
Female	1711	1711	100%	1711	100%	1711	100%	Nil	Nil	1711	100%
Total	5605	5605	100%	5605	100%	1711	100%	Nil	Nil	1711	100%
Other than Permanent Employees											
Male	522	522	100%	-	-	-	-	-	-	-	-
Female	222	222	100%	222	100%	222	100%	222	100%	222	100%
Total	744	744	100%	744	100%	744	100%	744	100%	744	100%

b. Details of measures for the well-being of workers:

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
Permanent Workers											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than permanent workers											
Male	121	0	0	121	100%	0	0	0	0	0	0
Female	16	0	0	16	100%	0	0	0	0	0	0
Total	137	0	0	137	100%	0	0	0	0	0	0

2. Details of retirement benefits for Current and Previous FY

S. No.	Benefits	FY 2023			FY 2022		
		No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
1	PF	5605	137	Y	5381	123	Y
2	Gratuity	5605	137	Y	5381	123	Y
3	ESI*	5605	137	Y	5381	0	Y

S. No.	Benefits	FY 2023			FY 2022		
		No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
4	Suprean-nuation	5605	0	NA	5381	0	NA
5	NPS	5605	0	NA	5381	0	NA

* All eligible employees and workers on whom ESI is applicable as per ESI Act 1948 are covered under ESI. For the business location, which does not come under the purview of ESI, the workforce which is not included here are covered through workmen compensation.

3. Accessibility of workplaces - Are the premises / offices of the entity accessible to differently abled employees, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

Sonata Software Limited is cognizant of the needs of the disabled employees and visitors who access our workplaces. Our buildings are equipped with features such as low-slope ramps, elevators, and accessible washrooms. Our entities are accessible by differently abled employees as per the requirements of the Rights of Persons with Disabilities Act, 2016.

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

Yes, We have an Equal Opportunity, Diversity and Inclusion policy. Web link mentioned below-
https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/dei_policy.pdf

5. Return to work and Retention rates of permanent employees that took parental leave

Gender	Permanent Employees	
	Return to work rate	Retention rate
Male	-	-
Female	100%	100%
Total	100%	100%

6. Is there a mechanism available to receive and redress grievances for the following categories of employees? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	Yes, Sonata has a grievance redressal mechanism in place for addressing sexual harassment incidents and take prompt and necessary action on anyone violating the policy. It applies to all permanent and other than permanent employees and workers.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

7. Membership of employees in association(s) or Unions recognized by the listed entity

Not Applicable



8. Details of training given to employees

Category	FY 2023					FY 2022				
	Total (A)	On Health and safety measures		On Skill upgradation (D)		Total	On Health and safety measures		On Skill upgradation	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
Employees										
Male	4486	2203	49.1 %	1954	75%	2758	NA	NA	1588	58%
Female	1948	1009	51.7 %	931	94%	1239	NA	NA	724	58%
Total	6434	3212	49.9 %	2885	81%	3997	NA	NA	2312	58%
Workers										
Male	121	121	100%	121	100%	114	114	100%	114	100%
Female	16	16	100%	16	100%	9	9	100%	9	100%
Total	137	137	100%	137	100%	123	123	100%	123	100%

9. Details of performance and career development reviews of employees and workers:

Category	FY 2023			FY 2022		
	Total (A)	No (B)	% (B/A)	Total (C)	No (D)	% (D/C)
Employees						
Male	3894	TBC*	TBC*	3297	2332	71%
Female	1711	TBC*	TBC*	1465	891	61%
Total	5605	TBC*	TBC*	4762	3223	68%
Workers[^]						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA
*Performance and Development cycle is ongoing and PDC will be completed for all eligible employees by July 2023						
[^] There are no permanent workers as part of Sonata. Other than permanent workers include third-party contractual workers who get covered for performance reviews by third-party contractors. Hence, it is not applicable for Sonata.						

10. Health and Safety Management System

a. Whether an occupational health and safety management system has been implemented by the entity? (Yes / No). If yes, the coverage such system?

Yes

1. We have EHS policy in place. Sonata strives for continual improvement for the safety of employees by committing to deliver a leading environmental, health and safety (EHS) program. We recognize the reliance and impacts our business has on the environment, community, and social well-being of all the stakeholders. At Sonata Software, we are dedicated to ensuring the health and safety of our employees. We have inhouse EHS team for effectively driving the health and safety related initiatives and monitoring the same.
2. We have put up signages across all our Indian offices related to safety, which include fire safety, electrical safety, and others. Our EHS team ensures that all the employees are aware of these signages and follow the safety instructions.
3. We plan and execute Health and Safety Awareness programs regularly. These programs include training sessions, seminars, and workshops for our employees.

4. Our Incident Management process includes four steps: Incident investigation, communication, recording and controlling, and root cause analysis for preventing measures. In case of any incident, our EHS team investigates it immediately and communicates the necessary information to all relevant parties. We record all incidents in an Incident Register and take necessary corrective actions to prevent future incidents. Our EHS team conducts root cause analysis to identify the cause of the incident and takes measures to prevent it from happening again.
5. We collect data from all our offices monthly regarding unsafe observations. We record this data in our EHS register and take necessary corrective actions to prevent any potential hazards.
6. We have drafted an Emergency Preparedness Plan document to ensure that our employees are prepared to respond to any emergency situation. This document includes procedures for evacuation, first aid, fire safety, and other emergency situations.
7. To assess the EHS status of each office, we use an EHS Audit checklist.

b. What are the processes used to identify work related hazards and assess risks on a routine and non-routine basis by the entity?

To identify potential hazards, we have planned to prepare a Hazard Identification and Risk Assessment (HIRA) document. Our EHS team regularly updates this document to include any new hazards that may arise. We will also conduct Aspect Impact Assessment to assess the impact of our operations on the employees and surrounding and take necessary measures to mitigate any adverse impact.

c. Whether you have processes for employees to report the work-related hazards and to remove themselves from such risks. (Y/N)

There is an incident management procedure that includes incident reporting, investigation, and application of suitable corrective actions. Employees, contract workers, are all required to report accidents as well as near-misses and possible risks. An Incident Communication metrics, a department-specific mail id, and internal leadership communication are some of the mechanisms that have been put in place to report incidents.

d. Do the employees of the entity have access to non-occupational medical and healthcare services? (Yes / No)

Yes

11. Details of safety related incidents, in the following format

S. No.	Safety Incident/Number	Category	FY 2023	FY 2022
1	Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
		Workers	6.33	0
2	Total recordable work-related injuries	Employees	0	0
		Workers	2	0
3	No. of fatalities	Employees	0	0
		Workers	0	0
4	High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
		Workers	0	0

12. Describe the measures taken by the entity to ensure a safe and healthy workplace

1. Training and Awareness:

We conduct office safety sessions to educate our employees on the safety protocols and best practices that they should follow while at work. These sessions include fire safety, electrical safety, and other



office-related hazards. We conducted mental health webinars for our employees to educate them on the importance of mental health and how to manage stress and anxiety. We conduct road safety sessions to educate our employees on safe driving practices, pedestrian safety, and road rules. We have provided training on EHS safety for our admin and security, and housekeeping staff to ensure that they are aware of the safety protocols and best practices. Training on ergonomics to educate our employees on how to set up their workstations to prevent musculoskeletal disorders.

2. Employee Engagement Campaigns:

We celebrated the National Safety Week. We organized Office Safety Session to educate our employees on the safety protocols and best practices that they should follow while at work. These sessions include fire safety, electrical safety, and other office-related hazards. We conducted a safety painting competition during the celebration of National Safety Week. This competition encourages our employees to use their creativity to promote safety awareness.

13. Number of Complaints on the following made by employees

	FY 2023			FY 2022		
	Filled during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

14. Assessments for the year

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100% of the offices are covered
Working conditions	100% of the offices are covered

15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

Not Applicable

LEADERSHIP INDICATORS

1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

Yes

2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

The Company ensures that statutory dues are deducted and deposited in accordance with regulations. The remittance of statutory dues by value chain partners are reviewed as part of statutory audits.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
Employees	0	0	0	0
Workers	0	0	0	0

4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

Yes

5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	4%
Working Conditions	4%

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners.

N.A.



Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

ESSENTIAL INDICATORS

1. Describe the processes for identifying key stakeholder groups of the entity.

Internal and external stakeholders have been identified based on impact and relevance. Stakeholder engagement. We prioritized the stakeholders in consultation with the management. The expectations of identified stakeholders help in the prioritization of strategy, policies, and action plans for the environment, economy, and society. Key stakeholders include Investors, Customers, Employees, Regulators, Industry associations, Communities and Vendors/suppliers.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group

Stakeholder group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Customers	No	Project-related meetings, management reviews, relationship meetings Company website, social media, Customer surveys, Emails, Telephonic Conversations	As needed	Resolution of any delivery challenges and feedback on technology and services
Investors	No	Annual General Meeting, Investor's page on Company's website, Press releases and Conferences	Quarterly	Sonata's business performance, strengths, business strategy for growth and expansion
Employees	No	Emails, Employee Engagement Surveys, Townhalls, Performance Evaluations, Company website	Continuous	Growth and development, Feedback and Grievance Redressal, Training, Workplace experience, Corporate Communications
Regulators	No	Interactions with statutory bodies	As needed	Compliance with local laws and regulations
Industry Associations	No	Conferences, Industry Performance Meetings	As needed	Industry and ESG Trends, emerging best practices, Technology Landscape
Communities/NGOs	Yes	Online / Offline meetings, Emails, Website, Social media posts	Weekly/Monthly between CSR partners and CSR leads	To cater to our community in a responsible & sustainable way, we engage with our community through our CSR Channel partners & projects.
Vendors & Suppliers	No	Email, Meetings, Website	Yearly	Compliance, Value Add, operations, commercial discussion, and sustainability

LEADERSHIP INDICATORS

- 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

Consultation with stakeholders on E,S and G topics are delegated to the departments within the organization who are also responsible for engaging with stakeholders continually. Our stakeholders are very keen on understanding Sonata's steps in reducing ESG risks . We regularly share our performance with our stakeholders through calls, emailers, website and public disclosures' CSR & Sustainability Board committee meets every quarter to discuss ESG topics. ESG Risks are also addressed in Board Risk Management Committee meetings.

- 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, Our stakeholder's consultation has proved useful in providing key environmental, and social topics in our processes. For ex. When we began accounting for our Emissions, we were driven by our Clients support and expectations in GHG inventorisation and built our data management and disclosure activity accordingly.

- 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

The communities for our CSR projects are considered vulnerable/ marginalized groups. We have in place an effective monitoring and feedback mechanism to record progress of CSR initiatives and address concerns of our communities. The CSR committee conducts impact assessments periodically to ensure smooth functioning of the implemented CSR programs.

We also engage with our local suppliers and vendors through formal channels such as offline/online meetings, awareness sessions etc., and monitor and provide feedback/support as required.



Principle 5: Businesses should respect and promote human rights.

ESSENTIAL INDICATORS

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format

Category	FY 2023			FY 2022		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	5605	1852	33%	4031	2708	67%
Other than Permanent	829	167	20%	NA	NA	NA
Total employees	6424	2019	31%	4031	2708	67%
Workers						
Permanent	-	-	-	-	-	-
Other than Permanent	137	137	100%	123	123	100%
Total workers	137	137	100%	123	123	100%

2. Details of minimum wages paid to employees and workers

Category	FY 2023					FY 2022				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
Employees										
Permanent										
Male	3894	0	NA	3894	100%	3370	0	NA	3370	100%
Female	1711	0	NA	1711	100%	1311	0	NA	1311	100%
Other than permanent										
Male	592	0	NA	592	100%	504	0	NA	504	100%
Female	237	0	NA	237	100%	196	0	NA	196	100%
Workers										
Permanent										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other than permanent										
Male	121	0	NA	121	100	114	0	NA	114	100
Female	16	0	NA	16	100	9	0	NA	9	100

3. Details of remuneration/salary/wages, in the following format:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (INR in Lakhs)	Number	Median remuneration/ salary/ wages of respective category (INR in Lakhs)
Board of Directors (BoD)*	4	43.40	1	43.80
Key Managerial Personnel (KMP)^	3	1,264.98	1	93.61
Employees other than BoD and KMP	4483	12.89	1947	9
Workers	121	Contractual workers salary/ wages is governed by the service vendors. Sonata ensures workers get equal and fair pay.	16	Contractual workers salary/ wages is governed by the service vendors. Sonata ensures workers get equal and fair pay.

* Remuneration to Managing Director & CEO and Executive Vice Chairman & Whole-Time Director has been included in Key Managerial Personnel

^ Key Management Personnel includes Managing Director & CEO, Executive Vice Chairman & Whole-Time Director. Chief Financial Officer and Company Secretary

4. Do you have a focal point (Individual / Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes, Human Resource Business Partners handle human rights impacts and issues, along with Chief Human Resource Officer who has approving authority on our Human Rights Policy.

Our Board also looks after ESG updates, risks and opportunities including Human rights risks under Risk Management Committee and CSR -ESG Committee.

5. Describe the internal mechanisms in place to redress grievances related to human rights issue

Any stakeholder believing that actual or potential violation might have occurred shall promptly notify on any such occurrence through Sonata's Vigil Mechanism Policy. The policy lays down relevant processes for reporting concerns.

6. Number of Complaints on the following made by employees and workers:

	FY 2023		FY 2022	
	Filed during the year	Pending resolution at the end of year	Filed during the year	Pending resolution at the end of year
Sexual Harassment	0	0	0	0
Discrimination at workplace	0	0	0	0
Child Labour	0	0	0	0
Forced Labour/ Involuntary Labour	0	0	0	0
Wages	0	0	0	0
Other human rights related issues	0	0	0	0



7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases

We have a Vigil Mechanism Policy in place to report genuine concerns about unethical behavior, actual or suspected fraud, theft, bribery, misappropriation of Company funds, financial reporting violations, safety or product quality issues, discrimination or harassment including sexual harassment.

No unfair treatment will be meted out to a whistleblower by virtue of his/her having reported under this Policy. The Company condemns any kind of discrimination, harassment, victimization or any other unfair employment practice being adopted against Whistle Blowers. Complete protection is given to Whistle Blowers against any unfair practice like retaliation, threat or intimidation or termination/suspension of service, disciplinary action etc. to obstruct the Whistle Blower’s right to continue to perform his duties/ functions including making further disclosure.

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

9. Assessments for the year

Section	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	The company conducts its processes to ensure the listed sections are compiled as per law. Human rights is part of our contracts and agreements and we ensure its followed strictly. We have also undergone Materiality assessment by third party which covered all Human rights topics applicable to Sonata Software limited covering all locations.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above

Not Applicable

LEADERSHIP INDICATORS

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.

As per our Human Rights Policy, we undertake Human Rights due diligence to identify the main risks of violation of Human Rights for the Company. In the due diligence processes, prior to entering into any new business relationship or any other type of agreement, we will assess the Human Rights policies and practices of its counterparties as part of our analysis process. Any identified breach of the respect for Human Rights will be analyzed based on internal procedures, legislation, and agreements in force, possibly resulting in disciplinary measures being taken.

2. Details of the scope and coverage of any Human rights due diligence conducted

We have initiated the process of Human Rights Due Diligence Survey and the report will be published in FY 2024.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, We have taken necessary actions to ensure accessibility to differently abled visitors.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Please see note under "Others"
Discrimination at workplace	Please see note under "Others"
Child Labour	Please see note under "Others"
Forced Labour/Involuntary Labour	Please see note under "Others"
Wages	Please see note under "Others"
Others – please specify	4% of our suppliers were assessed on following parameters- <ul style="list-style-type: none"> • Environment management • Employment practices • Corporate Social Responsibility • Safety and health at workplace • Greenhouse gas emissions • Waste and Air pollutions • Green packaging • Green product • Awards and certifications

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

Based on our assessment, our local vendors required training and awareness on Sustainability and ESG. To counter this, we undertook training of our suppliers where we shared industry best practices, ESG awareness.



Principle 6: Businesses should respect and make efforts to protect and restore the environment

ESSENTIAL INDICATORS

1. Details of total energy consumption (in MJ) and energy intensity, in the following format

Parameter	FY 2023	FY 2022
Total electricity consumption (A)	1,18,01,671.2	85,57,934.40
Total fuel consumption (B)	589,192.66	3,92,691.24
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	12,390,863.86	89,50,625.64
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (in MJ/rupees)	0.000166340	0.000161175

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) : Yes, Earthhood Services Private Limited has done the assurance for Scope 1, Scope 2, Scope 3 emissions which includes Energy and Fuel data for FY2022-23 data.

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

NA

3. Provide details of the following disclosures related to water, in the following format

Parameter	FY 2023	FY 2022
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	1,557	1,372
(iii) Third party water	16,382	15,815
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	17,939.8	17,187
Total volume of water consumption (in kilolitres)	17,939.8	17,187
Water intensity per rupee of turnover (Water consumed / turnover)	0.0000002408	0.0000003095
Water intensity (optional) – the relevant metric may be selected by the entity		

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) : No

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

We do not have Zero Liquid Discharge Mechanism yet as we operate in leased facility. But we have water recycling facility at Global village unit I at Bengaluru and Chennai office.

5. Provide details of air emissions (other than GHG emissions) by the entity, in the following format.

Parameter	Please specify units	FY 2023	FY 2022
NOx	Mg/nm3	499.8	458.6
SOx	Mg/nm3	279.2	261.1
Particulate matter (PM)	Mg/nm3	903.6	830.7
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others – please specify	NA	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, We get this data verified by external lab (Prasad Enviro Labs Private limited)

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format

Parameter	Please specify units	FY 2023	FY 2022
Total Scope 1 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	177.11	60.27
Total Scope 2 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	2678.19	1933.66
Total Scope 1 and Scope 2 emissions per rupee of turnover	-	0.00000003833	0.00000003590
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes, Earthhood Services Private Limited has done the assurance for Scope 1, Scope 2, Scope 3 emissions which includes Energy and Fuel data for FY2022-23 data.

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details

Yes, We have an active GHG reduction program at our organisation. We are actively monitoring our emissions and reducing the same. We have undertaken the following initiatives:

- We have Renewable Energy in our Energy Mix with our Global Village, Bangalore office procuring 100% Green Energy.
- The company has used sustainable building materials for its newly started Tower F building in Global Village. This has helped company to achieve IGBC Platinum Certification. These initiatives will achieve 10-15% reduction in utility cost.
- Ensure complete removal of dead loads during weekends, including turning off or unplugging heating elements of vending machines, switching off lighting circuits, and cutting off all manually operated loads.
- Performing routine maintenance on UPS and AC plants to ensure optimal functioning of the equipment.
- Ensure complete removal of dead loads during weekends, including turning off or unplugging heating elements of vending machines, switching off lighting circuits, and cutting off all manually operated loads.
- Making use of the most up-to-date, energy-efficient computers and equipment, which will aid in energy saving.



8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2023 (Current Financial Year)	FY 2022 (Previous Financial Year)
	Total Waste generated (in metric tonnes)	
Plastic waste (A)	0.25	0.2
E-waste (B)	5.187	2.015
Bio-medical waste (C)	Nil	Nil
Construction and demolition waste (D)	Nil	Nil
Battery waste (E)	0.033	12.4
Radioactive waste (F)	Nil	Nil
Other Hazardous waste. Please specify, if any. (G)	0.07	0.132
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Paper 0.015	Paper 0.2
Total (A+B + C + D + E + F + G + H)	5.56	15
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	NA	NA
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
Total	NA	NA
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste	NA	NA
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	NA	NA
Total*	NA*	NA*

* Non-hazardous waste are handled by landlord and it is disposed through Municipal corporation.

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes

Sonata Software is a service-based company. Most of our waste is generated during disposal of assets, DG set operation & Pantry waste. We fulfill all compliances related to E waste disposal & Hazardous waste returns. We also strive to recycle our waste & not end up in landfill. We have Asset Management Policy which ensures Electronics are maintained to ensure longer life & asset disposal happens through authorized E waste recycler. We also reduce our waste by purchasing refurbished laptops, wherever possible, hence reducing the quantum of waste generated.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, specify details in the following format

Not Applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year

Not Applicable

12. Is the entity compliant with the applicable environmental law / regulations / guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act and rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

S.No.	Specify the law / regulation / guidelines which was not complied with	Provide details of the non-compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
	NIL	NIL	NIL	NIL

LEADERSHIP INDICATORS

1. Provide break-up of the total energy consumed (in Mega Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2023	FY 2022
From renewable sources*		
Total electricity consumption (A)	4948600	3505863.6
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	-	-
Total energy consumption from renewable sources (A+B+C)	4948600	3505863.6
From non-renewable sources		
Total electricity consumption (A)	6853074	5052071
Total fuel consumption (B)	589192.66	392691.24
Energy consumption through other sources (C)	NA	NA
Total energy consumption from non-renewable sources (A+B+C)	7442266.99	5444762.25

* We are using renewable electricity from our builder but we are not accounting the emissions associated with it in our GHG inventory as we don't claim the credits from same.

2. Provide the following details related to water discharged:

With treatment – please specify level of treatment

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

Parameter	FY 2023	FY 2022
Water discharge by destination and level of treatment (in kilolitres)		
To Surface water	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
To Groundwater	-	-
No treatment	-	-
With treatment – please specify level of treatment	-	-
To Seawater	-	-
No treatment	-	-



Parameter	FY 2023	FY 2022
With treatment – please specify level of treatment	-	-
Sent to third parties		
No treatment	9813.8	6,335.16
Sent to builder STP for treatment	8126	10662
With treatment – please specify level of treatment	-	-
Others		
No treatment	-	-
With treatment – please specify level of treatment	ETP	ETP
Total water discharged (in kilolitres)	17939.8	17187.16

3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):

Not applicable

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

Parameter	Please specify units	FY 2023	FY 2022
Total Scope 3 emissions (Break-up of the GHG into CO ₂ , CH ₄ , N ₂ O, HFCs, PFCs, SF ₆ , NF ₃ , if available)	Metric tonnes of CO ₂ equivalent	4215.26	1207.44
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO ₂ equivalent	0.00000005659	0.00000002174
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity	-	-	-

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?

Yes, Earthhood Services Private Limited has done the assurance for Scope 1, Scope 2, Scope 3 emissions which includes Purchased good and services, Waste generated in operations, Business travel, - Employee commute- Work from home, T&D Losses for FY2022-23 data.

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with+ summary)	Outcome of the initiative
1	Renewable Energy in our Energy Mix	Our two offices in Global village currently procuring 100% Green Energy.	Using renewable energy for energy consumption.
2	IGBC Platinum Certification	The company have used sustainable building materials for its newly started Tower F building in Global Village.	These initiatives will achieve 10-15% reduction in utility cost.

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with+ summary)	Outcome of the initiative
3	Surveillance of utility	After regular business hours, maintaining constant surveillance of the floor and turning off the lights.	Reduction in energy consumption. Saving in energy cost
4	Air conditioning	Switching off the air conditioning units during off-peak hours and on week-ends.	Reduction in energy consumption and emissions. Saving in energy cost
5	Routine maintenance	Performing routine maintenance on UPS and AC plants to ensure optimal functioning of the equipment.	Increased efficiency
6	Reusable Ceramic Cups for the replacement of Paper Cups	This initiative generates savings of 10000 /month	Reduce the amount of waste produced Reduce the carbon footprint of producing a paper cup and disposing of it.
7	Organic Bio-tech Products for Housekeeping Consumables	This initiative generates savings of 5000/month	Safety for workers
8	First Aid – Box	EHS- safety – Mandatory	Ensure Safety at office
9	Water aerators	Use of Water aerators	Water saving – up to 30% Consumption to normal flow Taps
10	The HUIDA bathroom water management system	We use this system for the washrooms of offices	considerably lowers water use when compared to a standard commode flush.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, the Company has a Business Continuity plan and disaster recovery plan, this is Audited and certified for ISO 27000 and SOC 2. The plan is not publicly available.

- This plan will provide procedures for responses to an emergency, evacuation in an emergency situation to vulnerable employees.
- This plan will identify and assign personnel to various tasks and responsibilities for emergency situations and response operations.
- This plan will coordinate emergency response tasks with Landlord Teams and Government Authorities.
- The risk assessment for the Fire, Human-Caused (e.g., Bomb Threats, suspected devices, Entry of Strangers and Serious Violence), Natural (e.g., Earthquake/ collapse of building, Flood, Storms. etc.), Electrical Hazards, LPG leak, Health (e.g., Pandemic, Epidemic, COVID - 19) is prepared.
- This risk assessment includes the Risk associated with Recovery measures hazard, Risk rating refer to risk assessment matrix, Key prevention measures include and Key response measures.
- Emergency Response Team (ERT): Responsibility of ERT Leader. The information about EMERGENCY EVACUATION OF VULNERABLE POPULATIONS, CASUALTY EVACUATION.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?

Climate change risks and opportunities have not impacted Sonata's supply chain related business strategies. However, suppliers are valuable stakeholders in the entire value chain. Hence, we have a process in place where we assess the supplier's basis of their ESG performance or have some level of Environmental and Social Audit to prioritize and work with the best. However, most of our suppliers only provide services/products that ensure sustained operations for the company and do not contribute



directly into Sonatas' services/offerings. Therefore, the magnitude of impact is considered low, but we are actively monitoring this risk.

We have integrated supplier evaluation and engagement in our supply chain process. All of our product or service suppliers need to fill out our supplier environment assessment form. They are scored based on their responses. Our supplier evaluation covers their GHG emissions, commitment to sustainability initiatives. We annually engage with our suppliers to bring awareness and competence to climate-related issues. We conduct campaigns and training for the suppliers to improve their environmental performance. We offer training and support for our Tier 3-4 suppliers to help them in Climate-related training, we also do not prefer new vendors who perform poorly in the Supplier assessment. Thus, for our suppliers, taking climate change mitigation steps acts as an incentive for them.

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.

4%.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

ESSENTIAL INDICATORS

1.

a. Number of affiliations with trade and industry chambers / associations

SSL is affiliated with 2 trade and industry chambers namely NASSCOM and CII.

b. List the top 10 trade and industry chambers / associations (determined based on the total members of such a body) the entity is a member of / affiliated to.

S.No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	NASSCOM	National
2	CII	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

NIL

LEADERSHIP INDICATORS

1. Details of public policy positions advocated by the entity:

Not Applicable. The company does not participate in public advocacy.

Principle 8: Businesses should promote inclusive growth and equitable development

ESSENTIAL INDICATORS

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current FY 2022-23

Not applicable. Although, we have not received a notification for Social Impact Assessment, Sonata Software has proactively conducted third party Social Impact Assessment for two of our completed projects. Details are provided below:

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes/ No)	Relevant Web link
<p>Development of Mobile science lab with Agastya International Foundation as implementation agency in Dharwad and Kolar Karnataka:</p> <ol style="list-style-type: none"> 1. Lab on Tab (WeLearn app) -Building a knowledge repository to be accessible by an android app-based learning platform. 2. Development of Mobile science lab- Hands-on Science Education in Rural Schools. 3. Digital module creation for Lab on Tab (WeLearn app)- Digital content for greater reach. 	NA	NA	Yes	Yes, Mentioned in Annual Report 22-23	Mentioned in Annual Report 22-23
<p>Supporting Women and Children with Kriti Social Initiatives as implementation partner-</p> <ol style="list-style-type: none"> 1. Supporting two government schools by providing them with trained teachers-To improve the pupil-teacher ratio-Sheikpet Primary Schools and Gati Government Primary School in Hyderabad 2. Notebook distribution to school children during COVID-To support children education need during COVID -Sheikpet slums Hyderabad 3. Tailoring skill training for women under Project Milan-Livelihood skilling -Khairatabad, Tolichowki, BTN, Singereni Colony, Hyderabad 4. Supporting the setting up of production unit by Kirti under Project Hunar-Provide employment opportunity for women trained by Kriti through an E-commerce portal , -at ToliChowki, Hyderabad 5. Kritikala website built by Sonata volunteers- Empowering NGO communication by developing website 	NA	NA	Yes	Yes, Mentioned in Annual Report 22-23	Mentioned in Annual Report 22-23

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity in the following format

Not Applicable



3. Describe the mechanisms to receive and redress grievances of the community

We engage with our stakeholders both formally and informally. All lines of communication are open for NGO partners to connect with our CSR team, in case of any support. We have established formal dialogue through- Weekly meetings with NGO partners, Quarterly/Six Monthly Governance with all Program Partners by CSR Head, Quarterly meetings with Board & CSR committee, Offline meetings with the community as and when required on a periodic basis.

Sonata Software firmly believes that Stakeholder's engagement & involvement is key to fulfilling CSR objectives. We engage with our stakeholders periodically on CSR matters & projects. We involve our employees in volunteering in CSR projects. We engage with our Board & leadership on CSR implementation & updates, we also communicate our progress to investors, employees, and the public through social media channels & reports. Our CSR team works in coordination with our NGO partners and community and has weekly meetings to discuss the progress, their queries & feedback, and ways to support.

Our Third-Party Code of Conduct and Business ethics serves as grievance redressal where any external stakeholder can report concerns.

<https://www.sonata-software.com/sites/default/files/financial-reports/2019-09/Sonata-Third-Party-Code-of-Conduct-and-Business-Ethics-2016.pdf>

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers

Directly sourced from MSMEs/ small producers	FY 2023	FY 2022
	2% MSME Vendors	3% MSME Vendors
Sourced directly from within the district and neighboring districts	Sourced directly from Bangalore-66% Others-33%	Sourced directly from Bangalore-62% others-37%
*We are in the process of identifying channels to directly source from MSMEs.		

LEADERSHIP INDICATORS

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective Actions taken
<p>No Negative Impacts were provided by 3rd party assessment for CSR SIA.</p> <p>Areas of improvement based on stakeholder feedback:</p> <ul style="list-style-type: none"> Re-enforcing learnt skills by repeating Skill development training programmes will contribute to the long-term sustainability of the skills learnt. Teacher training and deployment program could embed interventions to build skills of existing teachers and use technology to help manage pupil-teacher ratios sustainably. Testing champion/challenger approach to Mobile Science Lab teaching, improving the frequency of the Mobile Lab visits or some interventions to engage students until the next Lab visit could enhance student learning outcomes. 	Not Applicable

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S. No.	State	Aspirational District	Amount spent (In INR)
NA	NA	NA	NA

3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

Yes, Our Supplier code of conduct also mentions preference to purchase from suppliers comprising marginalized /vulnerable groups . For ex. We prefer to procure materials/services from localized vendors and give preference to local and marginalized/vulnerable businesses for procuring our corporate gifts.

b. From which marginalized /vulnerable groups do you procure?

Local Artisans, Handicrafts, Women groups, Local vendors

c. What percentage of total procurement (by value) does it constitute?

<1%

4. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved.

S. No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
NA	NA	NA	NA	NA

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved

Name of Authority	Brief of the case	Corrective Actions taken
NA	NA	NA

6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project	No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups		
Sonata Software has 3 entities applicable for CSR. SSL, SITL and SSSL. The details for each are mentioned below Projects under Sonata Software Limited ("SSL")					
1	Agastya International Foundation	Enhancement of user Experience for Application for Mobile Science Labs	Education and the Environment	4020	100%
2	Industree Foundation	Developing an Online Repository for Artisans to store Designs and Products for Artisans (Co-Create)	Traditional Art and Handicrafts	3500+	100%
3	MAP Foundation	Developing a Museum Management System-Phase 2	Traditional Art and Handicrafts	4000	100%
4	Indian National Trust for Art and Cultural Heritage (INTACH)	Developing a Digital Platform for Someshwara Temple in Ulsoor, Bengaluru	Preservation of Cultural Heritage	Promotion of cultural heritage. Increased accessibility and Enhanced visitor experience of temple website. 1000+	100%

S. No.	CSR Project			No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
5	ISDM	Revamping their existing website into a new flexible & user-friendly responsive website	Education and the Environment	1000+	100%
6	Application support for INTACH, KRITI, NITK SNEHA TRUST, SENSE INDIA	Application support	Schedule VII, Promoting Education	50	100%
Projects under Sonata Information Technology Limited ("SITL")					
1	MAP	Traditional Art and Handicrafts	Contribution towards Physical Opening of Museum (25 lakhs) Contribution towards MAP-SITL Art Conservation (10lakhs) Visible/Invisible Program for Women inclusion (25 lakhs)	4000	100%
2	Sneha Trust	Education and the Environment	To Improve the quality of education and access to opportunities	225	100%
3	Samatvam trust	Healthcare	To Act as a crowd funding platform for Samatvam Programs	13	100%
4	Roshni Trust	Healthcare	Providing services in Mental Health by creating awareness to eradicate stigma attached to psychiatric issues to underprivileged communities	1321 sessions conducted	100%
5	Academy of Family Physicians of India [AFPI]	Healthcare	To support primary Healthcare Leadership fellowship	7 physician-leaders in the primary care landscape impacted the 53009 population for healthcare	100%
6	Sri Kamala & Sri Venkappa M Agadi Trust [SKSVMA]	Education and the Environment	Providing Scholarship to the rural women students of SKSVMA college of engineering	6	100%
7	Friends of Moral Re-Armament [FMRA]	Preservation of Cultural Heritage	To improve Leadership among the Rural communities who hail from economically, socially and politically marginalized backgrounds	19	100%

S. No.	CSR Project			No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
8	Deccan Heritage Foundation	Preservation of Cultural Heritage	To preserve heritage by supporting restoration of Rang Mahal Hyderabad and Lecture of Prof Molly Atkins at Rang Mahal Garden at Hyderabad in Jan 23	2235	100%
9	OGQ- Foundation of Promotion of Sports and Games	Promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports.	To support training of athletes for Olympics 2024 and Paralympics	23	100%
10	Sweet heart Foundation	Disaster management, including relief, rehabilitation and reconstruction activities	To provide relief to Orissa flood victims	350	100%
11	Hyderabad Public School	Promotion of Education	Promotion of Science and Technology among young students	8000	100%
13	Farmers for Forest (Efficient Ecosystem Protection Association)	Protection of environment	Empowering the marginalized farmers by improving their income along with reducing the carbon emissions to environment by planting 6000 trees over 15 acres of unused and degraded land.	Creation of over 140 days of rural employment Improvement in biodiversity of area by plantation of 6000 trees	100%
14	Centum foundation	Promotion of Education	Promotion of education and enhancement of employment of underprivileged diversified youth in IT sector. Under this engagement, Full Stack Development course will be provided to 500 beneficiaries which includes 400 women, especially abled, 100 rest of under need students, along with placement assistance.	500	100%
Projects under Sonata Software Solutions Limited ("SSSL")					
1	Agastya International Foundation	Education and the Environment	Development of Teacher-Student Collaboration platform	4020	100%



Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

ESSENTIAL INDICATORS

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback

Sonata has a well-defined process for Customer feedback survey and Customer Compliant handling which is typically done:

- At Critical Milestone or Release or Phase Completion
- At Project Completion
- At least every Six Months in case of multi-year annuity projects

Customer Feedback Survey is administered through the online Customer Feedback Survey tool. A defined set of questions based on Project type, delivery model and role and is triggered using Customer Feedback Survey tool.

Responses received are published internally by Customer Success team. If Overall or Parameter Score less than Target or there are improvement areas suggested in the survey, the PM will identify corrective plan. Typically, the following are sources of Customer Complaints, but limited to. 1) Any direct complaints raised by customers, 2) Overall Rating rated 2 or less or any critical Parameters rated 2 or less in the Customer Feedback Survey

Project Manager and Delivery Manager acknowledge the compliant and feedback to customer and indicate the target date for resolution. The compliant is updated in the Log by Customer Success team and Management Representative.

The PM will share the corrective action plan with the DM, DD & Customer Success Team internally within Sonata. After review by DM & DD, PM will share the corrective action plan with the Customer. The PM along with his/her team will implement the corrective action plan. DM and DD will review the corrective action progress. The Customer Success Team will periodically verify whether the identified corrective action plan where applicable by the project teams has been implemented. Post implementing the actions for resolution, The PM will share the corrective action progress report to Customer contact and review the progress on actions and closure of customer complaints.

2. Turnover of products and / services as a percentage of turnover from all products/ service that carry information about the following:

Our business teams have dedicated employees and teams to look after client's complaints. Customers can connect with us through our website, social media channels as well as through dedicated business teams POCs.

State	As a percentage to total turnover
Environmental and social parameters relevant to the product	Nil
Safe and responsible usage	
Recycling and/or safe disposal	

3. Number of consumer complaints in respect of the following:

	FY 2023 (Current Financial Year)		Remarks	FY 2022 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at the end of the year		Received during the year	Pending resolution at the end of the year	
Data Privacy	0	0	Nil	0	0	Nil
Advertising	0	0	Nil	0	0	Nil
Cyber-security	0	0	Nil	0	0	Nil
Delivery of essential services	3	0	Nil	3	0	Nil
Restrictive trade practices	0	0	Nil	0	0	Nil
Unfair Trade Practices	0	0	Nil	0	0	Nil
Other	0	0	Nil	0	0	Nil

4. Details of instances of product recalls on accounts of safety issues

Nil

5. Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/ No) If available, provide a web-link of the policy

Yes, we have in place a Cyber Security Policy shared internally. Our Privacy policy is available in public domain

<https://www.sonata-software.com/privacy-policy>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services

Category	Corrective actions taken to address consumer complaints received against each category
Data privacy	NA
Advertising	NA
Cyber-security	NA
Delivery of essential services	<ul style="list-style-type: none"> Grooming sessions organized to understand the Business need of the Connectors / Recipes before sprint start Provided training to the resources to upskill them Re-baselined the plan based on revised approach for integration as agreed with customers
Restrictive Trade Practices	NA
Unfair Trade Practices	NA
Other	NA

LEADERSHIP INDICATORS

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

<https://www.sonata-software.com/index.php/>

<https://www.linkedin.com/company/sonata-software/>

<https://www.facebook.com/sonatasoftware>

<https://www.instagram.com/sonata.software/>

<https://www.youtube.com/user/SonataSoftwareVideos>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Webinars, Social media posts, Website content, emailers & meetings

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

As per ADMIN Manual, all disruptions/discontinuation/alerts are shared to employees with help of signboards and emailers. Similar process is available for various type of emergency situations- such as Bomb threats, Workplace violence etc. Details as shared below:

Internal Communication			
Communication Phase	Communication Type	Audience	Description
During evacuation	Announcement	Employees, Visitors	Evacuation message is relayed on the public addressing system for evacuation of floor/building
Immediately after evacuation	Signage's & In-person	Employees trying to enter the premises after the evacuation	Signage will be displayed at all major entrances clarifying that the occupants are not currently allowed to enter the building / office due to safety concerns.
			Security personals will close the entries of the building/office and inform employees personally.
After Evacuation	E-mail COVID / pandemic scenario	Employees	The Property Manager will send a message to employees that include new guidelines, updated protocols, updated procedures, updates on potential reentry date, and general updates on improvements to building/offices / outlets to address the current hazard.
Before re-entry	E-mail, Video Conferencing for COVID scenario re-entry. Announcement for other type of emergencies from concerned authorities	Employees	In case of COVID / pandemic scenario evacuation: The Property Manager will send a message to all regular employees on the updated set of policies. Protocols that includes guidance on the current emergency situation and appropriate measures for when employees can return to the office. Employees can project their needs and concerns before returning to Building.

External Communications			
Communication To	Communication Phase	Communication Type	Description
Fire Service, Disaster Management Cell, Police	During Emergency	Verbal via Phone call	Security in-charge/Security emergency coordinator
			will inform based on the suggestion from ERT Head/Property Manager
Nearest Hospital, Ambulances services,	During Emergency	Verbal via Phone call	Security or Security in-charge/Security emergency coordinator will inform based on the suggestion from ERT Head / Property Manager.
Fire Service, Disaster Management Cell, Police	After Emergency	Written	Information will be provided based on the suggestion from ERT Head / Property Manager.

- 4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

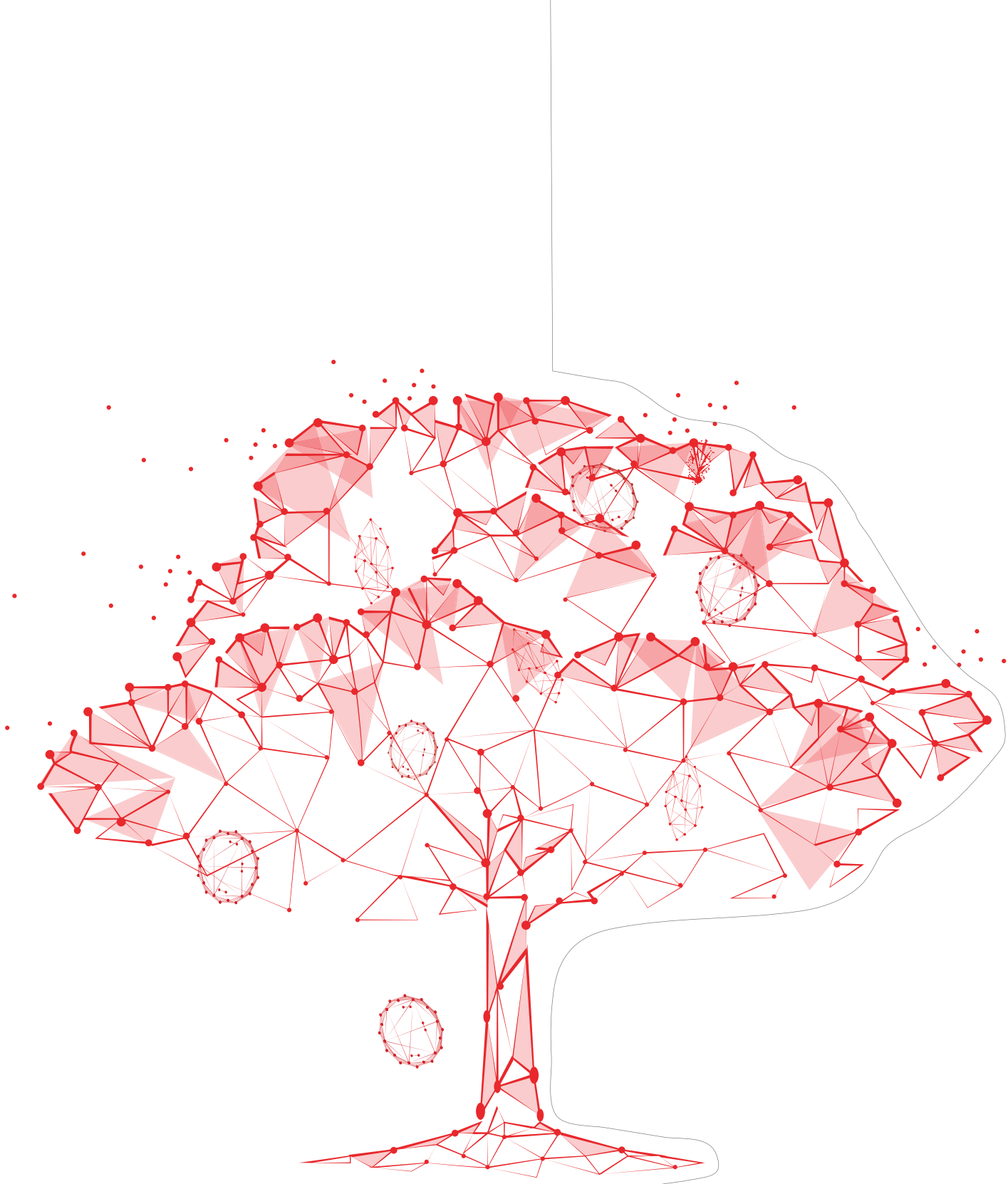
Not Applicable

- 5. Provide the following information relating to data breaches:**

a. Number of instances of data breaches along-with impact: None

b. Percentage of data breaches involving personally identifiable information of customers: None





ANNUAL FINANCIAL REPORT



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 standalone financial statements of Sonata Software Limited (the "Company") which comprise the standalone balance sheet as at 31 March 2023, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 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 thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matter

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 Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and auditor's reports thereon. The Annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's and Board of Directors' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the



Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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, the respective Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management and Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.


The respective management and 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 skepticism 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 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 with reference to financial statements 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 and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements 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.



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.

Other Matters

- a. The standalone financial statements of the Company for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion on 29 April 2022

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows 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 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. 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, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its standalone financial statements - Refer Note 23 to the standalone financial statements.
 - b. 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 - Refer Note 27 to the standalone financial statements.



- c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- d. (i) The management of the Company represented that, to the best of its knowledge and belief, as disclosed in the Note 41 to the standalone 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 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.
- (ii) The management of the Company represented that, to the best of its knowledge and belief, as disclosed in the Note 41 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) 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 (i) and (ii) above, contain any material misstatement.
- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 37 to the standalone financial statements, 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 declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

- f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us the remuneration paid/ payable by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid/payable to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No.:101248W/W-100022


Amrit Bhansali

Partner

Membership No.: 065155

ICAI UDIN:23065155BGYPRT7714

Place: Bengaluru
Date: 13 May 2023



Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Sonata Software Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
(B) The Company does not hold any intangible assets, thus reporting under clause 3(i) (b) of the Order is not applicable.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering information technology services and solutions. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security to companies, firms, limited liability partnerships or any other parties during the year. The Company has not granted any loans or advances in the nature of loans, secured or unsecured, to firms, and limited liability partnerships or any other parties during the year. The Company has granted unsecured loans to a company during the year in respect of which the requisite information is as below.



- (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loans to any other entity as below: (in Rs. Lakhs)

Particulars	Loans
Aggregate amount during the year	9,410
– Subsidiary*	
Balance outstanding as at balance sheet date	-
– Subsidiary*	

*As per the Companies Act, 2013

- (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the grant of loans during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) According to the information and explanation given to us and on the basis of our examination of the records the Company, there is only one loan given by the Company to M/s Sonata Information Technology Limited of Rs. 9,410 lakhs, which was repayable on demand. The loan was repaid on demand during the year, without any defaults. The payment of interest has been regular. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loans or advances in the nature of loans to its Promoters and related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

(in Rs. Lakhs)

	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan			
- Repayable on demand (A)	-	-	9,410
- Agreement does not specify any terms or period of Repayment (B)	-	-	-
Total (A+B)	-	-	9,410
Percentage of loans/advances in nature of loan to the total loans	-	-	100

- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.


- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Income-Tax and Service Tax which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (in Rs. Lakhs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961*	Disallowance of tax benefits u/s 10A of the Income Tax Act, 1961	1,141	AY 2011-12	Commissioner of Income tax - Appeals, Delhi
Income tax Act, 1961	Adjustment u/s 92CA(3) of the Income Tax Act, 1961	427	AY 2017-18	Commissioner of Income tax - Appeals, Delhi
Finance Act, 1994	Demand for non payment of service tax on commission charges incurred outside India and interest and penalty thereon	1,014	FY 2006-07 to 2012-13	Commissioner of Central Tax (Appeals), Mysuru

* net off amount paid under protest of Rs. 100 lakhs

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company did not have any loans or borrowings from any lender during the year. Accordingly, clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

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- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and 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 standalone financial statements, 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 that the 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) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.
- (b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Amrit Bhansali

Partner

Membership No.: 065155

ICAI UDIN:23065155BGYPRT7714

Place: Bengaluru

Date: 13 May 2023



Annexure B to the Independent Auditor's Report on the standalone financial statements of Sonata Software Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Sonata Software Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements 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 "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 standalone 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 with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to

Annexure B to the Independent Auditor's Report on the standalone financial statements of Sonata Software Limited for the year ended 31 March 2023 (Continued)

provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Amrit Bhansali

Partner

Membership No.: 065155

ICAI UDIN:23065155BGYPRT7714

Place: Bengaluru

Date: 13 May 2023



Standalone Balance Sheet

₹ in Lakhs

	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	2,265	1,010
Right-of-use assets	39	3,058	5,734
Capital work-in-progress	3.2	2	1
Goodwill		282	282
Financial assets	4		
Investments	4.1	6,291	6,389
Other financial assets	4.2	1,711	1,761
Deferred tax assets (net)	16	1,353	1,512
Income tax assets (net)	15	7,500	5,047
Other non-current assets	5	124	105
Total non-current assets		22,586	21,841
Current assets			
Inventories	6	-	17
Financial assets	7		
Investments	7.1	2,084	7,900
Trade receivables	7.2	30,752	16,190
Cash and cash equivalents	7.3	4,931	27,848
Other balances with banks	7.4	14,416	2,272
Other financial assets	7.5	664	2,284
Other current assets	8	4,806	2,029
Total current assets		57,653	58,540
Total assets		80,239	80,381
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	9	1,387	1,039
Other equity	10	53,973	56,136
Total equity		55,360	57,175
LIABILITIES			
Non-current liabilities			
Financial liabilities	11		
Lease liabilities	11.1	2,468	5,283
Other financial liabilities	11.2	661	-
Total non-current liabilities		3,129	5,283
Current liabilities			
Financial liabilities	12		
Borrowings	12.1	62	-
Trade payables	12.2		
Total outstanding dues of micro enterprises and small enterprises	25	157	39
Total outstanding dues of creditors other than micro enterprises and small enterprises		10,709	10,013
Lease liabilities	12.3	1,583	1,862
Other financial liabilities	12.4	2,391	1,103
Other current liabilities	13	3,572	1,606
Provisions	14	1,267	1,228
Current tax liabilities (net)	15	2,009	2,072
Total current liabilities		21,750	17,923
Total equity and liabilities		80,239	80,381

See accompanying notes to the financial statements

As per our report of even date attached
For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali
Partner
(Membership No. 065155)

Date : May 13, 2023
Place: Bengaluru

For and on behalf of the Board of Directors of Sonata Software Limited

Pradip P Shah
Chairman

Samir Dhir
Managing Director & CEO

Jagannathan Chakravarthi
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

Mangal Krishnarao Kulkarni
Company Secretary

Standalone Statement of Profit and Loss

₹ in Lakhs

	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	17.1	92,086	75,814
Other income	17.2	15,968	16,424
Total income		108,054	92,238
EXPENSES			
Purchase of stock-in-trade (traded goods)	18.1	10,219	9,453
Changes in inventories of stock-in-trade	18.2	17	15
Employee benefits expense	19	54,350	41,499
Finance costs	20	696	878
Depreciation and amortization expense	3.1 & 39	1,851	1,755
Other expenses	21	14,504	10,615
Total expenses		81,637	64,215
Profit before tax		26,417	28,023
Tax expense			
Current tax	15	3,958	4,197
Deferred tax	16	422	307
Net tax expense		4,380	4,504
Profit for the year		22,037	23,519
Other Comprehensive Income			
1. Items that will not be reclassified to profit/(loss)			
(a) Remeasurement of the defined benefit plans		(463)	(933)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		77	149
		(386)	(784)
2. Items that will be reclassified to profit/(loss)			
(a) Exchange differences in translating the financial statements of foreign operations		(5)	(14)
(b) Fair value changes on derivatives designated as cash flow hedge, net		(1,117)	201
(c) Income tax relating to Items that will be reclassified to profit/(loss)		186	(30)
		(936)	157
Total		(1,322)	(627)
Total Comprehensive Income for the year		20,715	22,892
Earnings per share - (on ₹ 1 per share)			
Basic	35	15.89	16.97
Diluted	35	15.89	16.96
Weighted average equity shares used in computing earnings per equity share			
Basic (Nos)	35	138,704,906	138,560,242
Diluted (Nos)	35	138,704,906	138,633,696

See accompanying notes to the financial statements

As per our report of even date attached
For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali
Partner
(Membership No. 065155)

Date : May 13, 2023
Place: Bengaluru

For and on behalf of the Board of Directors of Sonata Software Limited

Pradip P Shah
Chairman

Samir Dhir
Managing Director & CEO

Jagannathan Chakravarthi
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

Mangal Krishnarao Kulkarni
Company Secretary

Standalone cash flow statement

₹ in Lakhs

	For the year ended March 31, 2023	For the yearended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	26,417	28,023
Adjustments for :		
Depreciation and amortization expense	1,851	1,755
Finance costs	696	865
Impairment loss/(gain) recognised on trade receivable	28	(300)
Provisions/ liabilities no longer required written back	(85)	(1,264)
Lease payment concessions	-	(138)
Interest income	(1,345)	(1,440)
Dividend income from long-term investments in subsidiaries	(13,075)	(10,808)
(Gain) / loss on sale of fixed assets / scrapped	19	-
Net (gain) on investments carried at fair value through profit and loss	(559)	(309)
Gain on termination of lease	(466)	-
Expenses/(gain) on employee stock based compensation	679	34
Exchange (gain)/loss on revaluation of investments	(53)	31
Net unrealized foreign exchange (gain)/loss	97	(52)
Operating profit before working capital changes	14,204	16,397
Changes in operating assets and liabilities:		
Trade receivables	(14,208)	3,642
Inventories	17	15
Other financial assets-current	18	114
Other financial assets non-current	8	27
Other non-current assets	(19)	307
Other current assets	(2,777)	485
Other financial liabilities non-current	661	-
Trade payables	1,113	1,959
Other financial liabilities	459	226
Other current liabilities	1,500	(2,749)
Provisions	39	(206)
Net cash flow from operations	1,015	20,217
Direct taxes/advance tax paid (net)	(6,474)	(4,977)
Net cash flow from operating activities (A)	(5,459)	15,240
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment including capital work-in-progress and capital advances	(1,782)	(373)
Acquisition of subsidiary	-	(893)
Purchase of non-current investments	-	(356)
Purchase of current investments	(52,618)	(41,041)
Proceeds from sale of current investments	59,037	38,071

Standalone cash flow statement

₹ in Lakhs

	For the year ended March 31, 2023	For the yearended March 31, 2022
Investment in bank deposits	(12,144)	(224)
Interest received	2,142	807
Dividend received from subsidiary	13,075	10,808
Inter corporate deposit to subsidiary (net)	-	180
Net cash flow from investing activities (B)	7,710	6,979
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings from banks (net)	62	-
Payment of lease liabilities	(1,875)	(1,689)
Payment of dividend	(23,240)	(18,692)
Proceeds from issue of shares on exercise of ESOP	2	-
Interest paid.	(25)	(37)
Net cash flow used in financing activities (C)	(25,076)	(20,418)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(22,825)	1,801
Opening Cash and cash equivalents	27,848	26,040
Exchange difference on translation of foreign currency Cash and cash equivalents.	(92)	7
Closing Cash and cash equivalents	4,931	27,848
Cash and cash equivalents at the end of the period comprises:		
Balances with banks		
In current accounts	771	702
In EEFC accounts	185	995
In demand deposit accounts	3,975	26,151
	4,931	27,848

See accompanying notes to the financial statements

**As per our report of even date attached
For B S R & Co LLP**

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)

Date : May 13, 2023
Place: Bengaluru

For and on behalf of the Board of Directors of Sonata Software Limited

Pradip P Shah
Chairman

Jagannathan Chakravarthi
Chief Financial Officer

Mangal Krishnarao Kulkarni
Company Secretary

Samir Dhir
Managing Director & CEO

R Sathyanarayana
VP - Finance & Accounts

STATEMENT OF CHANGES IN EQUITY

(a) Equity share capital

₹ in Lakhs

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
Balance as at April 1, 2022	1,039
Add: Shares issued on bonus issue	346
Add: Shares issued on exercise of employee stock options	2
Balance as at March 31, 2023	1,387

(b) Other equity

₹ in Lakhs

Particulars	Reserves and Surplus (Refer note 10)				Items of Other Comprehensive Income (Refer note 10)			Total other equity
	Securities premium 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, 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
Balance as at April 1, 2022	4,496	8,292	265	44,240	(1,589)	414	18	56,136
Profit for the year				22,037				22,037
Other comprehensive income (net of tax)					(386)	(932)	(4)	(1,322)
Total comprehensive income for the year				22,037	(386)	(932)	(4)	20,715
Amount utilized for bonus issue	(345)							(345)
Employee share based payments			679					679
Payment of cash dividends				(23,212)				(23,212)
Balance as at March 31, 2023	4,151	8,292	944	43,065	(1,975)	(518)	14	53,973

See accompanying notes to the financial statements

As per our report of even date attached
For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali
Partner
(Membership No. 065155)

Date : May 13, 2023
Place: Bengaluru

For and on behalf of the Board of Directors of Sonata Software Limited

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R Sathyanarayana
VP - Finance & Accounts

Mangal Krishnarao Kulkarni
Company Secretary



Notes To The Standalone Financial Statements

For The Year Ended March 31, 2023

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 have been approved for issue by the Company's Board of Directors on May 13, 2023.

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 financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of 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 values

c. 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.

All amounts rounded off to the nearest Rs in Lakhs unless otherwise indicated.

d. 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 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) Depreciation and amortisation

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

v) 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 forecasted transaction.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. 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.

b. Property, plant and equipment

Property, plant and equipment are measured at 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. Inventories

Inventories are measured at the lower of cost and the net realizable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product level. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, and other issues. Revisions to these adjustments would be required if these factors differ from the estimates.

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.

Straight-line method

Asset class	Useful life
Buildings	60 years
Plant and machinery (Hardware)	3 years
Plant and machinery (Others)	15 years
Lease hold land	lease term
Lease hold improvements	lease term
Written down method	

Asset class	Percentage
Furniture and fixtures	25.88
Office equipments	45.07
Vehicles	31.23

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

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. 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 forecasted 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 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 a 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 year 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.



Contract assets represent cost and earnings in excess of billings as at the end of the reporting period. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liabilities(Unearned revenues) represent billing in excess of revenue recognized.

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

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).

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 including goodwill 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 share 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 non-occurrence 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.

2.3 Recent pronouncements

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements: The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 12 – Income Taxes: The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

3.1 Property, Plant and Equipment

₹ in Lakhs

Particulars	Tangible assets						Total
	Buildings	Office equipments	Leasehold improvements	Furniture and fixtures	Plant and equipments	Vehicles	
Cost							
As at April 1, 2021	115	448	628	318	1,851	161	3,521
Additions	-	8	3	3	363	-	377
Disposals	-	-	-	-	-	-	-
Translation adjustments	-	-	-	-	-	-	-
As at March 31, 2022	115	456	631	321	2,214	161	3,898
As at April 1, 2022	115	456	631	321	2,214	161	3,898
Additions	-	13	3	3	1,814	-	1,833
Disposals	-	(47)	(474)	(89)	(4)	-	(614)
Translation adjustments	-	1	-	-	1	-	2
As at March 31, 2023	115	423	160	235	4,025	161	5,119
Accumulated depreciation							
As at April 1, 2021	12	346	544	212	1,219	114	2,447
Depreciation	2	29	23	21	350	15	440
Depreciation on disposals	-	-	-	-	-	-	-
Translation adjustments	-	-	-	1	-	-	1
As at March 31, 2022	14	375	567	234	1,569	129	2,888
As at April 1, 2022	14	375	567	234	1,569	129	2,888
Depreciation	2	16	26	15	487	10	556
Depreciation on disposals	-	(44)	(474)	(76)	(2)	-	(596)
Translation adjustments	-	1	-	-	5	-	6
As at March 31, 2023	16	348	119	173	2,059	139	2,854
Net carrying value							
As at March 31, 2023	99	75	41	62	1,966	22	2,265
As at March 31, 2022	101	81	64	87	645	32	1,010

3.2 Capital Work in progress

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

₹ in Lakhs

	CWIP for a period of				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
Projects in progress:					
As at March 31, 2023	2	-	-	-	2
As at March 31, 2022	1	-	-	-	1

As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost, based on approved plan.

Non-Current

4.1 Investment

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

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Investment in equity instruments (Unquoted)		
3,375,394 Equity shares of ₹ 10/- each in		
Sonata Information Technology Limited (fully paid)	338	338
(As at March 31, 2022 - 3,375,394 Equity shares of ₹ 10/- each (fully paid))		
300,000 Equity shares of 1 US Dollar each in Sonata Software North America Inc., (fully paid)	122	122
(As at March 31, 2022 - 300,000 Equity shares of 1 US Dollar each - (fully paid))		
2 Equity shares of Euro 12,500 each in Sonata Software GmbH, Germany (fully paid)	32	32
(As at March 31, 2022 - 2 Equity shares of Euro 12,500 each (fully paid))		
800 Equity shares of 1 Pound each in Sonata Europe Limited, UK (fully paid)	1	1
(As at March 31, 2022 - 800 Equity shares of 1 Pound each (fully paid))		
Nil Equity shares in Sonata Software FZ LLC	-	66
(As at March 31, 2022 - 500 Equity shares of 1,000 AED each (fully paid))		
98 Equity shares in Sonata Software (Qatar) LLC of 1,000 QAR each (fully paid)	12	12
(As at March 31, 2022 - 98 Equity shares of 1,000 QAR each (fully paid))		
2 Equity shares in Sonata Australia Pty. Ltd. (formerly known as Scalable Data Systems Pty. Ltd.) of 1 AUD each (fully paid)	2,237	2,237
(As at March 31, 2022 - 2 Equity shares of 1 AUD each (fully paid))		
10,000 Equity shares in Sonata Software Solutions Ltd. of ₹ 10 each (fully paid)	1	1
(As at March 31, 2022 - 10,000 Equity shares of ₹ 10 each (fully paid))		
999 Equity shares in Encore IT Services Solutions Private limited. of ₹ 100 each (fully paid)	893	893
(As at March 31, 2022 - 999 Equity shares of ₹ 100 each (fully paid))		
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)	2,500	2,446
(As at March 31, 2022 - 2,459,560 shares of 1 Pound each (fully paid))		
Investments carried are fair value through profit & loss:		
Investments in PSU Bonds (Quoted)	155	241
Total	6,291	6,389
Aggregate amount of quoted investments	155	241
Market value of quoted investment	155	241
Aggregate carrying amount of unquoted investments	6,136	6,148
Investments carried at cost	6,136	6,148
Investments carried at fair value through profit & loss	155	241

4.2 Other financial assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Net investment in Sub-lease of ROU asset (Refer note 39)	209	251
Security deposits	1,502	1,510
Total	1,711	1,761

5. Other non-current assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Other deposits	15	15
Prepaid expenses	90	76
Other recoverables	19	14
Total	124	105

Current

6. Inventories

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Stock-in-trade - Hardware/Software products and licenses	-	17
Total	-	17

7.1 Investments

₹ in Lakhs

Investments carried at fair value through profit and loss:	As at March 31, 2023		As at March 31, 2022	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Investments in mutual funds (Quoted)				
Aditya Birla Sunlife Money Manager Fund		-	168,698	504
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 Short term fund - Growth Option	1,137,375	575	1,137,375	544
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	419	1,333,916	407

₹ in Lakhs

Investments carried at fair value through profit and loss:	As at March 31, 2023		As at March 31, 2022	
Nippon India Quarterly Interval Fund - Series II - Direct Plan Growth Plan - Growth	3,282,205	1,028	-	-
UTI Money Market Fund Direct Growth		-	28,596	713
DSP Overnight Fund-Direct Plan-Growth		-	17,573	200
		2,022		7,816
Investments in PSU Bonds (Quoted)				
Investments in PSU Bonds		62		84
Total		2,084		7,900
Aggregate cost of quoted investments		2,084		7,900
Market value of quoted investments		2,084		7,900
Investments carried at fair value though profit or loss		2,084		7,900

7.2 Trade receivables

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured		
Considered good*	29,305	15,285
Considered doubtful	463	436
	29,768	15,721
Less : Allowances for credit losses	463	436
	29,305	15,285
Unbilled#	1,447	905
Total	30,752	16,190

* Include dues from related party (Refer note 38)

Movement in expected credit loss allowance

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	436	736
Movement in Expected Credit Loss allowance on Trade Receivables calculated at lifetime Expected Credit Loss	27	(300)
Provision at the end of the year	463	436

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

Particulars	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 - Billed							
As at March 31, 2023	23,973	3,962	1,123	541	34	135	29,768
Less: Allowance for credit losses							463
							29,305
As at March 31, 2022	11,524	3,921	96	47	109	24	15,721
Less: Allowance for credit losses							436
Total							15,285

Balance as at March 31, 2022 is reclassified from other financial assets

7.3 Cash and cash equivalents

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Balances with banks		
In current accounts	771	702
In EEFC accounts	185	995
In deposit accounts with original maturity of less than 3 months	3,975	26,151
Total	4,931	27,848

7.4 Other balances with banks

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
In deposit accounts with due date within one year of balance sheet date	13,947	1,726
In earmarked accounts		
Balance held as margin money for issue of guarantees by bank	20	68
Unpaid dividend account	449	478
Total	14,416	2,272

7.5 Other financial assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Advances recoverable from related parties	205	223
Security deposits	2	2
Interest accrued but not due on bank deposits/margin money	297	983
Interest accrued on inter-corporate deposit	-	3
Fair value of forward contracts	160	1,073
Total	664	2,284

8. Other current assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Advances to employees	70	120
Prepaid expenses	1,349	691
Contract assets*	2,144	969
Balances with Government authorities		
VAT credit receivable	15	31
GST credit receivable	153	53
Other recoverables	1,075	165
Total	4,806	2,029

* Balance as at March 31, 2022 is reclassified from other financial assets

9. Equity share capital

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Authorized		
150,000,000 equity shares of face value ₹ 1/- each	1,500	1,500
(As at March 31, 2022 - 150,000,000 equity shares of face value ₹ 1/- each)		
Issued		
140,212,408 equity shares of face value ₹ 1/- each fully paid-up	1,402	1,052
(As at March 31, 2022 - 105,159,306 equity shares of face value ₹ 1/- each)		
Subscribed and paid-up		
138,704,906 equity shares of face value ₹ 1/- each fully paid-up	1,387	1,039
(As at March 31, 2022 - 103,920,181 equity shares of face value ₹ 1/- each)		
Out of issued capital, 1,507,502 (As at March 31, 2022 - 1,239,125) shares are held by Sonata Software Limited Employee Welfare Trust		
Refer note (i) to (vii) below		

Notes :

₹ in Lakhs

i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year	As at March 31, 2023	As at March 31, 2022
Equity shares with voting rights		
Number of shares outstanding at the beginning of the year	103,920,181	103,908,181
Add: Share issued on exercise of before employee stock option (Refer note 31)	6,000	12,000
Add: Share issued on exercise of after employee stock option (Refer note 31)	136,664	-
Add: Bonus shares issued	34,642,061	-
Number of shares outstanding at the end of the year	138,704,906	103,920,181

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	As at March 31, 2023		As at March 31, 2022	
	No. of shares*	% of holding	No. of shares	% of holding
Hemendra M Kothari	12,799,993	9.13%	9,600,000	9.13%
Akshay Rajan Raheja	11,000,000	7.85%	8,250,000	7.85%
Viren Rajan Raheja	11,000,000	7.85%	8,250,000	7.85%
Suman R Raheja	9,200,000	6.56%	6,900,000	6.56%
HDFC Multi cap fund (formerly known as HDFC small cap fund)	11,432,645	8.15%	7,774,103	7.39%

* Due to issuance of bonus shares in September 2022 in the ratio of 1:3

iv) Details of shares held by each promoter	As at March 31, 2023			As at March 31, 2022	
	No. of shares at the commencement of the year	Change during the year*	No. of shares at the end of the year	% of total shares	% change during the year
Akshay Rajan Raheja	8,250,000	2,750,000	11,000,000	7.85	33.33%
Viren Rajan Raheja	8,250,000	2,750,000	11,000,000	7.85	33.33%
Suman R Raheja	6,900,000	2,300,000	9,200,000	6.56	33.33%
Rajan B Raheja	4,787,450	1,595,816	6,383,266	4.55	33.33%
Excelsior Construction Company Private Limited	1,150,000	383,333	1,533,333	1.09	33.33%
Fantasia Enterprises Private Limited	143,000	47,666	190,666	0.14	33.33%
Siena Traders Private Limited	143,000	47,666	190,666	0.14	33.33%

* Due to issuance of bonus shares in September 2022 in the ratio of 1:3

v) 1,507,502 equity shares (treasury) held by trust of face value ₹ 1/- each	₹ in Lakhs	₹ in Lakhs
(As at 31.03.2022 : 1,239,125 equity shares (treasury) of face value ₹ 1/- each)	15	13

(vi) Equity shares movement during the 5 years preceding March 31, 2023

Equity shares issued as bonus: The Company allotted 34,642,061 equity shares as fully paid up bonus shares in the ratio of 1:3, by capitalisation of securities premium amounting to 346 lakhs for the quarter ended September 30, 2022, pursuant to an ordinary resolution passed after taking the consent of shareholders through postal ballot.

(vii) During the year ended March 31, 2023, on account of final dividend for fiscal 2022 the Company has incurred a net cash outflow of ₹ 13,510 lakhs and interim dividend of ₹ 9,702 lakhs for fiscal 2023. (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.)

10. Other equity

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Securities premium reserve		
Opening balance	4,496	4,496
Less: Amount utilized for bonus issue	345	-
Closing balance	4,151	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 represents appropriation of profit by the Company.		
Employee Stock option reserve		
Opening balance	265	231
Add: Employee share based payments (Refer note 31)	679	34
Closing balance	944	265
This represents value of equity-settled share based payment transaction with employees.		
Retained earnings		
Opening balance	44,240	39,424
Profit for the year	22,037	23,519
Less :		
Dividend paid	23,212	18,703
Closing balance	43,065	44,240
Retained earning comprises of the amounts that can be distributed as dividends to its equity share holders.		
Remeasurement of the defined benefit plans		
Opening balance	(1,589)	(805)
For the year, (net of tax)	(386)	(784)
Closing balance	(1,975)	(1,589)

Actuarial gain or losses on gratuity are recognised in other comprehensive income.

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Effective portion of cash flow hedges		
Opening balance	414	245
Exchange differences on cash flow hedges	(1,117)	201
Tax impact on the above	185	(32)
Closing balance	(518)	414
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.		
Foreign currency translation reserve		
Opening balance	18	30
For the year (net of tax)	(4)	(12)
Closing balance	14	18
The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.		
Total	53,973	56,136

11. Non-current Financial liabilities

11.1 Lease liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Lease liabilities (Refer note 39)	2,468	5,283
Total	2,468	5,283

11.2 Other financial liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Other liabilities	661	-
Total	661	-

12. Current Financial liabilities

12.1 Borrowings

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Loans repayable on demand		
From banks - Secured		
Bank overdrafts	62	-
Total	62	-

12.2 Trade payables

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer Note 25)	157	39
Total outstanding dues of creditors other than micro enterprises and small enterprises*	10,709	10,013
Total	10,866	10,052

* Include dues from related parties (Refer note 38)

Trade payables ageing schedule

₹ in Lakhs

Particulars	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, 2023							
MSME	-	157					157
Others	5,110	1,843	3,684	12	25	35	10,709
Total	5,110	2,000	3,684	12	25	35	10,866
(ii) 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

12.3 Lease Liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Lease liabilities (Refer note 39)	1,583	1,862
Total	1,583	1,862

12.4 Other financial liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unpaid dividends	449	478
Payable on acquisition of property, plant and equipment	51	-
Other liabilities	2	2
Reimbursable expenses payable to related party (Refer Note 38)	1,031	572
Fair value of forward contracts (Refer note 26 and 27)	858	51
Total	2,391	1,103

13. Other current liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Contract liabilities	1,172	1
Gratuity payable (net) (Refer note 30)	607	578
Other payables		
Statutory remittances	1,621	872
Advances from customers	74	80
Other liabilities	98	75
Total	3,572	1,606

14. Provisions

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits - Compensated absences	1,267	1,228
Total	1,267	1,228

15. Current tax liabilities (net)

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax ₹ 12,606 (for March 31, 2022 ₹ 12,542))	2,009	2,072
Total	2,009	2,072

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Income Taxes		
(a) Income tax expense in the statement of profit and loss consists of:		
Current Tax:		
In respect of current year	3,958	4,197
Deferred Tax (Refer note 16):		
In respect of current year	422	307
Total Income tax expense recognised in the statement of profit and loss	4,380	4,504
(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	77	(149)
Net loss / (gain) on measurement of fair value changes on cash flow hedges	1	32
Net loss / (gain) on measurement on other items	185	(2)
Total	263	(119)

	For the year ended March 31, 2023	For the year ended March 31, 2022
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	26,417	28,023
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	6,649	7,053
Effect of:		
Income exempt from tax	(3,291)	(2,720)
Expenses that are not deductible in determining taxable profit	820	108
Items that are deductible in determining taxable profit	156	56
Provision for tax relating to prior years	5	-
Others	42	7
Income tax expense recognised in the statement of profit and loss	4,380	4,504

The applicable Indian corporate statutory tax rate for the year ended March 31, 2023 and March 31, 2022 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.

16. Deferred tax assets (net)

Deferred Tax assets / (liabilities) as at March 31, 2023 in relation to:

Particulars	As at April 1, 2022	Recognised in Profit & Loss	Recognised in Other Comprehensive Income/Reserves	As at March 31, 2023
Property, plant and equipment	427	(10)	-	417
Intangible assets	(13)	(2)	-	(15)
Allowances for credit losses	110	6	-	116
Right of use assets	380	(577)	-	(197)
Disallowance u/s 40(a)	192	(20)	-	172
Disallowance u/s 43B	407	19	-	426
Net gain or loss on Fair value of Mutual Funds	(11)	11	-	0
Defined benefit plans	130	-	77	207
Translation of foreign operations	(49)	-	1	(48)
Fair value changes on cash flow hedges	64	-	185	249
Others	(124)	151	-	27
Total	1,513	(422)	263	1,353

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

₹ in Lakhs

Particulars	As at April 1, 2021	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	As at March 31, 2022
Property, plant and equipment	439	(12)	-	427
Intangible assets	(11)	(2)	-	(13)
Allowances for credit losses	185	(75)	-	110
Right of use assets	304	76		380
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 cash flow hedges	97	-	(33)	64
Impairment loss recognised on investments of PF Trust	410	(410)	-	-
Others	(199)	75	-	(124)
Total	1,699	(305)	119	1,513

Deferred tax assets has not been recognised on accumulated long term capital loss of ₹ 1,424 as at March 31, 2023 and ₹ 3,577 March 31, 2022 respectively as it is not probable that taxable profit will be available against which the unused tax losses can be utilised in foreseeable future.

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Unused tax losses (long term capital loss) which expire in:		
-AY 2022-23	-	2,154
-AY 2024-25	462	461
-AY 2025-26	962	962
Total	1,424	3,577

17.1 Revenue from operations

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from software services (Refer note 22)	81,632	66,261
Revenue from software product and licenses	10,453	9,546
Other operating revenues	1	7
Total	92,086	75,814

17.2 Other income

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income*	1,345	1,440
Dividend income from long-term investments in subsidiaries (Refer Note 38)	13,075	10,808
Net gain on investments carried at fair value through profit or loss	559	309
Net gain on foreign currency transactions and translations	(269)	1,608
Other non-operating income		
Liabilities/provisions no longer required written back	85	1,264
Commission (Refer Note 37)	392	97
Gain on termination of Lease	466	-
Miscellaneous income	315	898
Total	15,968	16,424
*Interest income comprise:		
Interest on bank balances and bank deposits	1,253	1,347
Interest on financial assets carried at amortised cost	78	83
Interest on financial assets carried at fair value through profit or loss	14	10

18.1 Purchase of stock-in-trade (traded goods)

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchase of stock-in-trade (traded goods)	10,219	9,453
Total	10,219	9,453

18.2 Changes in inventories of stock-in-trade

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Stock		
Stock-in-trade - hardware/software product and licenses	17	32
	17	32
Closing Stock		
Stock-in-trade - hardware/software product and licenses	-	17
	-	17
(Increase) / decrease in inventories	17	15

19. Employee benefits expense

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	49,704	37,981
Contributions to provident and other funds (Refer Note 30)	3,523	3,145
Share based payments to employees (Refer Note 30)	679	34
Staff welfare expenses	444	339
Total	54,350	41,499

20. Finance costs

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on financial liabilities measured at amortised cost:		
Borrowings	1	1
Lease rentals discounted (Refer Note 38)	671	828
Others	-	12
Other borrowing costs	24	37
Total	696	878

21. Other expenses

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Power and fuel	319	273
Rent (includes transactions with related parties - Refer Note 37)	629	441
Repairs and maintenance - Buildings	3	2
Repairs and maintenance - Machinery	147	125
Insurance	1,123	712
Rates and taxes	95	101
Communication cost	530	479
Facility maintenance	404	348
Travelling and conveyance expenses	1,415	323
Professional and technical fees	1,442	995
Software project fees	234	2,028
Legal fees	119	49
Recruitment	939	769
Insourcing professional fees	4,595	2,755
Software license fees	1,004	620
Expenditure on corporate social responsibility (Refer Note 34)	463	396
Payments to auditors	110	88
Net loss on fixed assets sold / scrapped	19	-
Impairment loss/(gain) recognised on trade receivable	28	(300)
Provision for doubtful advances	17	-
Miscellaneous expenses	869	411
Total	14,504	10,615
Note - Payments to auditors comprises (net of input credit):		
Statutory audit	100	88
Other services	4	-
Reimbursement of expenses	6	-
	110	88

22. Revenue from software services

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2023 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

Particulars	As at March 31, 2023	As at March 31, 2022
Time and material	44,599	55,736
Fixed price	37,033	10,525
Total	81,632	66,261

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 from time and material contracts are recognized as related services are performed. Revenue from fixed price maintenance contracts are 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, 2023, ₹ 1,874 Lakhs of unbilled revenue as of April 1, 2022 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

During the year ended March 31, 2023, the company recognized revenue of ₹ 1 Lakhs arising from opening unearned revenue as of April 1, 2022

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, 2023, other than those meeting the exclusion criteria mentioned above, is ₹ Nil. The Company expects to recognize the revenue within the next one year. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

23. Contingent Liabilities

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
a) Guarantees		
The Company has given corporate guarantees to certain suppliers of Sonata Information Technology Limited (SITL) and Sonata Software North America Inc., (SSNA), its wholly owned subsidiaries.	39,531	36,500
b) Disputed demand of Service tax		
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 favourable outcome based on legal precedents which support its stand.	1,028	1,028
c) Other claims against the Company not acknowledged as debt	3,071	3,071
d) Disputed demands of Income-tax	7,142	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 lakhs (As at March 31, 2022 - ₹ 4,570) lakhs the Company has received favourable order from Income-tax Appellate Tribunal (ITAT) and the Department has preferred an appeal before the Honourable High Court of Mumbai.

For financial year 2010-11 & 2019-20 ₹ 2,572 lakhs (As at March 31, 2022 ₹ 2,275 lakhs), 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

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	494	19

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

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	157	39
(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.

26. Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2023 and March 31, 2022 is as follows:

₹ in Lakhs

Financial assets	Note	Carrying value		Fair value	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Amortised cost					
Investment in preference shares (Unquoted)	4.1	2,500	2,446	2,500	2,446
Security deposits	4.2 & 7.5	1,504	1,512	1,504	1,512
Trade receivable	7.2	30,752	16,190	30,752	16,190
Cash and cash equivalents	7.3	4,931	27,848	4,931	27,848
Other balances with banks	7.4	14,416	2,272	14,416	2,272
Other financial assets	4.2 & 7.5	711	1,460	711	1,460
FVTPL					
Investment in mutual fund (Quoted)	7.1	2,022	7,816	2,022	7,816
Forward contracts	7.5	22	334	22	334
Investment in PSU Bonds	4.1 & 7.1	217	325	217	325
FVTOCI					
Forward contracts	7.5	138	739	138	739
Total assets		57,213	60,942	57,213	60,942

Financial assets	Note	Carrying value		Fair value	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Financial liabilities					
Amortised cost					
Trade payables	12.2	10,866	10,052	10,866	10,052
Lease liabilities	11.1 & 12.3	4,051	7,145	4,051	7,145
Other financial liabilities	12.4	2,194	1,052	2,194	1,052
FVTPL					
Forward contracts	12.4	292	2	292	2
FVTOCI					
Forward Contracts	12.4	566	49	566	49
Total liabilities		17,969	18,300	17,969	18,300

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, 2023 and March 31, 2022.

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

₹ in Lakhs

	Fair value as at		Fair value hierarchy
	As at March 31, 2023	As at March 31, 2022	
Investment in mutual funds	2,022	7,816	Level 1
Investments in PSU bonds	217	325	Level 2
Foreign currency forward contracts (assets)	160	1,073	Level 2
Foreign currency forward contracts (liabilities)	858	51	Level 2
Other financial liabilities	2,194	1,052	Level 3

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 cost (Level 3):

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Opening balance	2,446	2,476
Remeasurement recognised	54	(30)
Purchases	-	-
Sales	-	-
Closing balance	2,500	2,446

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 10

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

Amount in Lakhs

	As at March 31, 2023	As at March 31, 2022
Designated derivative instruments (Sell):		
In USD	487	745
in GBP	89	108
in EUR	33	35
in AUD	24	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:

Amount in Lakhs

	As at March 31, 2023	As at March 31, 2022
Designated derivative instruments (Sell):		
Less than 3 months	135	164
In USD	6	28
in GBP	2	8
in EUR	1	-
in AUD		
More than 3 months		
In USD	352	581
in GBP	83	79
in EUR	31	27
in AUD	23	35

Average rate of coverage	As at March 31, 2023		As at March 31, 2022	
	Amount in Lakhs	Weighted Average Rate (₹)	Amount in Lakhs	Weighted Average Rate (₹)
USD	487	82.23	745	78.43
GBP	89	102.10	108	105.41
EUR	33	91.46	35	90.06
AUD	24	58.67	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, 2023	March 31, 2022
Revenue from top customer	8,446	10,332
Revenue from top 5 customers	26,667	20,182

Two customer accounted for more than 10% of the revenue for the year ended March 31, 2023 and two of the customer accounted for more than 10% of the receivables for the year ended March 31, 2023. 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.

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 liquidity position of the Company is given below:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents	4,931	27,848
Other balances with banks	14,416	2,272
Investments in mutual funds (quoted)	2,022	7,816
Trade receivables	30,752	16,190
Other financial assets	664	2,284
Other current assets	4,806	2,029

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023 and March 31, 2022:

₹ in Lakhs

	As at March 31, 2023		
	Less than 1 year	1-2 years	2 years & above
Trade payables	10,866	-	-
Other financial liabilities	1,533	661	-
Lease liabilities	1,583	1,337	1,131

₹ 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

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 ₹ 119 lakhs increase and decrease in the Company's net profit as at March 31, 2023
- an approximately ₹ 160 lakhs increase and decrease in the Company's net profit as at March 31, 2022

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2023 and March 31, 2022.

₹ in Lakhs

Exposure currency	USD	GBP	EUR	Other Currencies*
As at March 31, 2023				
Assets				
Trade receivables	5,574	4,015	987	1,423
Cash and cash equivalents	38	235	2	173
Other assets	633	490	-	14
Liabilities				
Trade payables	(3,192)	-	-	(926)
Net assets/liabilities	3,054	4,740	989	684
As at March 31, 2022				
Assets				
Trade receivables	-	1,209	-	944
Cash and cash equivalents	285	532	340	226
Other non-current assets	96	105	-	(7)
Liabilities				
Trade payables	(1,661)	(414)	19	(682)
Net assets/liabilities	(1,280)	1,432	359	481

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

For the year ended March 31, 2023, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.09%/ (0.09)%. For the year ended March 31, 2022, the impact on operating margins would be 0.01%/ (0.01)%.

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, 2023	As at March 31, 2022
Total equity attributable to the equity share holders of the Company	55,360	57,175
As percentage of total capital	100%	100%
Current borrowings	62	-
As a percentage of total capital	0.1%	-
Total capital (borrowings and equity)	55,422	57,175

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 are receiving benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Sonata Software Provident Fund. The 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 last 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 company has been remitting their monthly contribution of provident fund to EPFO.

Provident fund contributions amounting to ₹ 1,255 lakhs (for the year ended March 31, 2022 ₹ 1,249 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, 2023	Year ended March 31, 2022
Employee's State Insurance (as part of Staff welfare expenses in Note 19 Employee benefits expense)	1	1
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 19 Employee benefits expense)	1,382	1,036
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in Note 19 Employee benefits expense)	86	60
National Insurance Contribution (as part of Contribution to Provident Fund and other Funds in Note 19 Employee benefits expense)	146	213

ii) Defined benefit plans - Gratuity

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

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Discount rate(s)	7.45%	6.73%
Expected rate(s) of salary increase	5.00%	5.00%
Mortality Rate	Indian assured lives mortality 2012-14	Indian assured lives mortality 2012-14

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

	Year ended March 31, 2023	Year ended March 31, 2022
Service cost:		
Current service cost	610	528
Net interest expense	39	51
Components of defined benefit costs recognised in profit or loss	649	579
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	178	(135)
Actuarial (gains) / losses arising from changes in financial assumptions	(277)	(171)
Actuarial (gains) / losses arising from experience adjustments	561	1,240
Actuarial (gains) / losses arising from Demographic adjustments	-	(1)
Components of defined benefit costs recognised in other comprehensive income	462	933

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, 2023	As at March 31, 2022
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	(6,872)	(6,258)
Fair value of plan assets	6,265	5,680
Net (liability) / assets arising from defined benefit obligation	(607)	(578)
Movements in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	6,258	5,291
Current service cost	610	528
Interest cost	421	325
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(277)	(171)
Actuarial gains and losses arising from experience adjustments	561	1,240
Actuarial (gains) / losses arising from Demographic adjustments	-	(1)
Benefits paid	(701)	(851)
Liability Transferred Out/ Divestments	-	(103)
Closing defined benefit obligation	6,872	6,258
Movements in the fair value of the plan assets are as follows.		
Opening fair value of plan assets	5,680	4,376
Interest income	382	274
Return on plan assets (excluding amounts included in net interest expense)	(178)	135
Contributions from the employer	1,083	1,849
Benefits paid	(702)	(851)
Liability Transferred Out/ Divestments	-	(103)
Closing fair value of plan assets	6,265	5,680

The major categories of plan assets as a percentage of total plan:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	15.12%	40.17%
Defensive Fund	42.71%	31.97%
Balanced Fund	42.12%	27.80%
Stable Fund	0.06%	0.06%

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

Average rate of coverage	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	390	349	375	334
Future salary growth (1% movement)	396	360	377	342

The Company expects to contribute ₹ 1,305 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, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligation	6,872	6,258	5,291	4,136	3,176
Fair value of plan assets	6,265	5,680	4,376	3,399	3,150
Surplus / (deficit)	(607)	(578)	(915)	(737)	(26)
Experience adjustments on plan liabilities - (gain)/losses	561	1,240	309	77	73
Experience adjustments on plan assets - (losses)/gain	(178)	135	640	(291)	27

Maturity profile of defined benefit obligation:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Within 1 year	1,112	683
1-2 years	694	927
2-3 years	753	632
3-4 years	716	709
4-5 years	728	579
5 years and Above	7,386	6,479

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 of the stock options at grant date (₹)
53,332	May 29, 2017	May 29, 2022	149.65	43.49 - 55.86
66,000	May 31, 2019	May 30, 2024	354.50	115.54-137.75
79,998	May 29, 2020	May 28, 2025	206.50	54.22 - 62.63
533,332	Apr 8, 2022	Apr 7, 2026	589.09	181.94 - 222.44
53,332	Apr 29, 2022	Apr 28, 2026	562.25	169.94 - 208.21
106,664	May 2, 2022	May 1, 2026	564.09	164.28 - 202-29
53,332	May 19, 2022	May 18, 2026	501.31	156.41 - 189.47
40,000	May 25, 2022	May 24, 2026	494.14	143.81 - 175.85

ii) Fair value of share options outstanding at the year end

Options are priced using Black - Scholes pricing model.

Inputs into the model

Particulars	May 29, 2017	May 31, 2019	May 29, 2020	Apr 8, 2022	Apr 29, 2022	May 2, 2022	May 19, 2022	May 25, 2022
Grant date share price (₹)	142.17	356.70	202.90	599.96	564.08	556.76	504.41	482.85
Exercise price (₹)	149.65	354.50	501.31	589.09	562.25	564.09	501.31	494.14
Expected volatility (%)	36.47-40.61	53-26	40.00	40	40	40	40	40
Option life (in years)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Dividend yield (%)	-	3	2.50	2.00	2.00	2.00	2.00	2.00
Risk-free interest rate (%)	6.66 - 6.79	6.71 - 7.03	4.76-5.26	6.00 - 6.67	6.32 - 6.89	6.29 - 6.85	7.03 - 7.28	6.88 - 7.13

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, 2023		For the year ended March 31, 2022	
	Number of Options	Weighted average exercise price (₹)	Number of Options	Weighted average exercise price (₹)
Balance at beginning of year	253,330	198.48	269,330	202.49
Granted during the year	786,660	-	-	-
Exercised during the year	144,664	168.19	16,000	265.88
Cancelled during the year	74,000	-	-	-
Balance at end of year	821,326	543.88	253,330	198.48
Exercisable at the end of the year	-	-	132,000	181.37

iv) Stock options exercised during the year

The following share options were exercised during the financial year 2022-23:

Granted on	Number Exercised	Exercised Date	Share price at exercise Date (₹)
May 31, 2019	6,000	June 1, 2022	675.15
May 29, 2017	40,000	September 30, 2022	515.60
May 31, 2019	30,000	November 9, 2022	529.15
May 29, 2017	13,332	December 27, 2022	572.95
May 29, 2020	26,666	December 27, 2022	572.95
May 29, 2020	26,666	March 29, 2023	751.65

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

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 ₹ 543.88 (as at March 31, 2022 ₹ 198.48)

During the year, the amount recognised as expense for employee Stock Options is ₹ 746 Lakhs (for the year ended March 31, 2022 is ₹ 34 Lakhs). Reversal of ESOP expenditure is ₹ 67 lakhs (for the year ended March 31, 2022 is Nil)

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 had cancelled the existing Stock appreciation rights Plan (SAR) during the previous year and introduced the bonus plan in lieu of SAR effective from June 30, 2021.

Movement of stock appreciation rights plan to employees during the previous year:

	For the year ended March 31, 2022							
	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	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	-	-	-	-	-	-	-	-
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 weighted average fair value of each unit during the previous year for 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 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, 2020	Oct 30, 2020	Oct 1, 2020	May 29, 2021	Jan 1, 2022
Exercise price (₹)	149.65-187.72	315.3-395.52	200.00	354.9-444.68	317.4-398.15	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%

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.

- (i) Gross amount required to be spent by the Company during the year is ₹ 416 lakhs (Previous year is ₹ 393 lakhs).
- (ii) Amount spent during the year is ₹ 463 lakhs (Previous year is ₹ 396 lakhs)

(in ₹ lakhs)

	In Cash	Yet to be paid in Cash	Total
Construction / acquisition of any asset	-	-	-
On purposes other than above	463	-	463
Total	463	-	463

- (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

	For the year ended		For the year ended	
	March 31, 2023		March 31, 2022	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period*	140,212,408	140,212,408	140,212,408	140,212,408
Weighted average number of potential equity shares exercised by Sonata software limited Employee Welfare Trust	(1,507,502)	(1,507,502)	(1,652,166)	(1,652,166)
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	-	-	73,454
Weighted average number of equity shares for calculation of earning per share	138,704,906	138,704,906	138,560,242	138,633,696

* Includes issue of 34,642,061 bonus shares during the current year.

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 18, 2022 had declared an interim dividend of 700% (₹ 7 per equity share of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on May 13, 2023 have recommended a final dividend of 875 % (₹ 8.75 per equity share of par value ₹ 1 each), which is subject to approval of shareholders.

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 had recommended a final dividend of 1,300 % (₹ 13 per equity share of par value ₹ 1 each), which was approved by shareholders.

38. Related party disclosure

i) Details of related parties :

Description of relationship	Names of related parties
a) Wholly owned subsidiaries (WOS)	
	Sonata Information Technology Limited
	Sonata Software Solutions Limited
	Sonata Software North America Inc.
	Sonata Software GmbH
	Sonata Europe Limited
	Sonata Software FZ LLC ⁴
	Sonata Australia Pty Ltd (formerly known as "Scalable Data Systems Pty Ltd")
	Encore IT Services Solutions Private Limited
	Sonata Software Intercontinental Limited
(b) Subsidiary	
	Interactive Business Information Systems Inc. (subsidiary of Sonata Software North America Inc.) ³
	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
	Sonata Latin America S. DE R.L. DE C.V. ¹
	Quant Systems Inc. ²
	Quant Cloud Solutions Private Limited ²
(c) Entity with common key management personnel (KMPE)	
	Palred Technology Services Private Limited

Description of relationship	Names of related parties
(d) Post-employment benefit plan (Refer Note 29)	Sonata Software Limited Gratuity Fund
	Sonata Software Officers' Superannuation Fund
	Sonata Software Provident Fund (Until April 2021)
(e) Key management personnel (KMP)	Mr. Samir Dhir, Managing Director & Chief Executive Officer (w.e.f. Feb 14, 2023)
	Mr. P Srikar Reddy, Executive Vice Chairman & Whole Time Director (w.e.f. Feb 14, 2023)
	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 Chakravarthi, Chief Financial Officer
	Ms. Mangal Krishnarao Kulkarni, Company Secretary

ii) Transactions with related parties :

₹ in Lakhs

Particulars	WOS, Subsidiary		KMP	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Rendering of services				
Sonata Software North America Inc.	32,033	26,149		
Sonata Europe Limited	10,021	6,879		
Sonata Software FZ LLC	4	145		
Gapbuster Worldwide Pty Limited	226			
Interactive Business Information Systems Inc.	157	306		
Sonata Australia Pty Ltd	909	1,171		
Sopris Systems LLC	130	85		
Sonata Software Solutions Limited	-	1		
Sonata Software Intercontinental Limited	394	71		
Sale of Product				
Sonata Software North America Inc.	12	-		
Purchase of Software products and licenses				
Sonata Information Technology Limited	12,151	9,275		
Sonata Software Solutions Limited	-	1,737		
Gapbuster Worldwide Pty Limited	126	-		
Interactive Business Information Systems Inc.	-	60		
Sonata Software (Qatar) LLC	-	46		
Sonata Australia Pty Ltd	108	184		
Commission on Sales				
Sonata Australia Pty Ltd	35	-		

Particulars	WOS, Subsidiary		KMP	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Reimbursement of expenses received				
Sonata Information Technology Limited	1	10		
Sonata Software North America Inc.	78	31		
Sonata Software FZ-LLC	-	15		
Sonata Software Intercontinental Ltd	8	-		
Sonata Europe Limited	178	-		
Sopris Systems LLC	22	17		
Reimbursement of expenses paid				
Sonata Software North America Inc.	47	114		
Sonata Europe Limited	38	67		
Sonata Australia Pty Ltd	-	141		
Sonata Software FZ-LLC	-	20		
Inter corporate deposits given				
Sonata Information Technology Limited	9,410	6,060		
Sonata Software Solutions Limited	-	220		
Inter corporate deposits recovered				
Sonata Information Technology Limited	9,410	6,060		
Sonata Software Solutions Limited	-	400		
Interest income on inter corporate deposits				
Sonata Information Technology Limited	54	30		
Sonata Software Solutions Limited	-	11		
Recovery of rent				
Sonata Information Technology Limited	96	78		
Dividend received				
Sonata Europe Limited	-	2,808		
Sonata Australia Pty Ltd	267	-		
Sonata Information Technology Limited	12,509	8,000		
Encore IT Services Solutions Private Limited	300	-		
Commission received on guarantees given on behalf of subsidiary				
Sonata Information Technology Limited	331	58		
Sonata Software North America Inc.	61	23		
Compensation of key management personnel of the Company				
Short-term employee benefits ⁵			2,445	1,120
Other long term employee benefits			636	-
Share-based payment transactions			969	12

Particulars	WOS, Subsidiary		KMP	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Others			720	464
Total compensation paid to key management personnel			4,770	1,596
Balances outstanding at the end of the year				
Interest accrued on Inter corporate deposit				
Sonata Information Technology Limited	-	3		
Trade receivables				
Sonata Software North America Inc.	13,748	4,928		
Sonata Europe Limited	2,030	1,497		
Sonata Software FZ LLC	-	17		
Interactive Business Information Systems Inc.	-	102		
Sopris Systems, LLC	236	94		
Sonata Australia Pty Ltd	1,317	423		
Sonata Software Solutions Limited	28	26		
Sonata Software Intercontinental Limited	487	71		
Gapbuster Worldwide Pty Limited	20	-		
Reimbursement of expenses receivable				
Sonata Information Technology Limited	90	96		
Sonata Europe Limited	-	20		
Sonata Software North America Inc.	104	76		
Sonata Software Solutions Limited	2	-		
Sonata Software Intercontinental Ltd	9	-		
Trade payables				
Sonata Information Technology Limited	2,920	1,262		
Sonata Software (Qatar) LLC	18	17		
Sonata Australia Pty Ltd	528	378		
Sopris Systems, LLC	2	2		
Sonata Software Solutions Limited	-	754		
Interactive Business Information Systems Inc.	-	95		
Sonata Software North America Inc.	103	-		
Reimbursement of expenses payable				
Sonata Software North America Inc.	561	473		
Sonata Information Technology Limited	12	43		
Sonata Europe Limited	454	46		
Sonata Software (Qatar) LLC	4	4		
Sonata Software FZ LLC	-	6		
Guarantees given on behalf of Subsidiary				
Sonata Software North America Inc.	6,163	5,684		
Sonata Information Technology Limited	33,368	30,816		

₹ in Lakhs

Particulars	WOS, Subsidiary		KMP	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Payable to key management personnel of the Company				
Short-term employee benefits ⁵			590	406
Other long term employee benefits			636	-
Share-based payment transactions			542	64
Others			703	450

¹Sonata Latin America S. DE R.L. DE C.V. has been incorporated in Ireland with effect from May 05, 2022.

²Sonata Software North America Inc., (SSNA) has acquired 100% stake in Quant Systems Inc. a Texas based company on March 10, 2023.

³Interactive Business Information Systems Inc., in the US has been merged with Sonata Software North America, Inc., wholly-owned subsidiary of Sonata Software Limited on December 13, 2022.

⁴Sonata Software FZ LLC has been discontinued w.e.f 30th March, 2023.

⁵The above employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

39. Leases

The aggregate depreciation expense of ₹ 1,295 lakhs (March 31, 2021 ₹ 1,315 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, 2022	203	5,531	5,734
Deletion	-	(1,381)	(1,381)
Depreciation	(13)	(1,282)	(1,295)
Balance as at March 31, 2023	190	2,868	3,058
	Category of ROU Asset		
	Land	Buildings	Total
Balance as at April 1, 2021	216	6,833	7,049
Depreciation	(13)	(1,302)	(1,315)
Balance as at March 31, 2022	203	5,531	5,734

Rental expense recorded for short-term leases was ₹ 629 (March 31, 2022 - ₹ 441) for the year ended March 31, 2023.

The following is the movement in lease liabilities

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	7,145	8,211
Finance cost accrued during the year	671	828
Deletions	(1,848)	-
Payment of lease liabilities	(1,917)	(1,894)
Balance at the end of the year	4,051	7,145

The following is the break-up of lease liabilities as at March 31, 2023 based on their maturities:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	1,583	1,862
Non-current lease liabilities	2,468	5,283
Total	4,051	7,145

The following is the movement in the net investment in sublease in ROU asset:

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	251	289
Interest income accrued during the year	25	29
Lease receipts	(67)	(67)
Balance at the end of the year	209	251

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, 2023	As at March 31, 2022
Not later than one year	1,673	1,972
Later than one year and not later than 5 years	3,122	6,045
Later than 5 years	-	1,381
Total	4,795	9,398

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, 2023	As at March 31, 2022
Not later than one year	65	67
Later than one year and not later than 5 years	193	233
Later than 5 years	-	25
Total	258	325

40. The table below provides financial ratios :

Ratio/Measure	Methodology	For the year ended March 31, 2023	For the year ended March 31, 2022
Current ratio	Current assets over current liabilities	2.74	3.27
Debt-equity ratio ¹	Debt over total shareholders equity	0.07	0.12
Debt service coverage ratio ²	EBITDA over current debt	6.02	3.82

Ratio/Measure	Methodology	For the year ended March 31, 2023	For the year ended March 31, 2022
Return on equity ratio	PAT over total average equity	0.39	0.43
Trade receivable turnover ratio ³	Revenue from operations over trade receivables	3.25	4.96
Trade payable turnover ratio	Adjusted expenses over trade payables	7.75	6.65
Net capital turnover ratio ⁴	Revenue from operations over working capital	1.53	1.18
Net profit ratio	Net profit over revenue	0.24	0.31
Return on capital employed	EBIT over capital employed	0.45	0.45
Return on investment ⁵	Interest income, net gain on sale of investments and net fair value gain & dividend income over weighted average investments.	0.44	0.32

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%:

¹ Debt-equity ratio decreased on account of termination of lease during the financial year 2022-23

² Debt service coverage ratio increased on account of increase in EBIT during the year ended March 31, 2023

³ Trade receivable turnover ratio has improved on account of increase in revenue for the year ended March 31, 2023

⁴ Net capital turnover ratio has improved on account of increase in revenue for the year ended March 31, 2023

⁵ Return on investment has improved on account of increase in dividend received during the financial year 2022-23

41. 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 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.

**As per our report of even date attached
For B S R & Co LLP**

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)

Date : May 13, 2023
Place: Bengaluru

For and on behalf of the Board of Directors of Sonata Software Limited

Pradip P Shah
Chairman

Jagannathan Chakravarthi
Chief Financial Officer

Mangal Krishnarao Kulkarni
Company Secretary

Samir Dhir
Managing Director & CEO

R Sathyanarayana
VP - Finance & Accounts



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 consolidated financial statements of Sonata Software Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2023, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including 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 such subsidiaries as were audited by the other auditors, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2023, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment and based on the consideration of reports of other auditors on separate financial statements of components audited by them, 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.



Impairment assessment of Goodwill	
See Note 4 to consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The consolidated financial statements of the Group as at 31 March 2023 carries goodwill amounting to ₹. 109,837 lakhs which represents a significant portion of the Group's total assets. This goodwill has been recorded on the acquisition of Companies/businesses by various entities in the Group.</p> <p>Goodwill is tested for impairment annually, at a minimum, at the cash generating unit level, whereby the carrying amount of the cash generating units (including goodwill) is compared with the recoverable amount of the cash generating units. The recoverable amount is determined on the basis of the value in use which is the present value of future cash flows of the cash generating units. The present value is determined using discounted cash flow model.</p> <p>The preparation of this estimate is highly dependent on management estimates, which among others include, the expected business and cash flow forecasts for future years, subjective judgments such as growth rate, terminal growth rate, discount rate and other complex calculations which requires special audit consideration</p> <p>Due to the quantum of the carrying value of Goodwill to total assets of the Group and significant estimates and judgements involved in assessing the value in use of cash generating units, this is considered as a key audit matter.</p>	<p>Our audit procedures with respect to this matter included the following:</p> <p>Evaluated the design, implementation and operating effectiveness of the processes and internal controls relating to impairment of goodwill.</p> <p>Evaluated the Group's identification of Cash generating units (CGU's), the carrying value of each CGU and the appropriateness of methodology followed by management for the impairment assessment and whether that is in compliance with the applicable accounting standards.</p> <p>Evaluated the basis of key assumptions included in the cash flow forecasts used in computing recoverable amount of each CGU, such as growth rate, profitability, discount rate etc. with reference to our understanding of their business and historical trends.</p> <p>Engaged our valuation specialists to evaluate the appropriateness of methodology used to compute the recoverable amount of the CGU and the key underlying assumptions.</p> <p>Assessed the sensitivity of the outcome of the impairment assessment to a reasonably possible change in key assumptions used in the computation.</p> <p>Assessed the adequacy and appropriateness of the disclosures made in the Consolidated Financial Statements in compliance with the requirements of Ind AS 36: "Impairment of Assets".</p>

Evaluation of Purchase Price Allocation ('PPA') for the acquisition of Quant Systems Inc.

See Note 38 to consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>On 10 March 2023, Sonata Software North America Inc. ("the acquirer"), a subsidiary of the Holding Company acquired Quant Systems Inc., a U.S. based Company and its subsidiaries Quant Cloud Solutions Private Limited, Quant Systems CRC Inc Sociedad de Responsabilidad Limitada (CRC LLC), Woodshed LLC ("the acquiree") pursuant to a Share Purchase Agreement ("SPA") signed between the parties and the significant shareholder of Quant Systems Inc. The Management determined the acquisition to be within the scope of Ind AS 103 'Business Combinations' which requires that the purchase price, identified assets and assumed liabilities be recognized at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair value of recognized assets and liabilities as goodwill.</p> <p>The Company has appointed an independent professional valuer to perform valuation and allocation of the total purchase price to the respective assets and liabilities acquired (hereinafter referred to as 'the purchase price allocation' or 'the PPA').</p> <p>The Management of the Company has determined the fair values of the net identifiable assets (including intangible assets) as part of the PPA and accordingly, the consideration paid in excess of the net assets (including intangible assets) acquired resulted in recognition of Goodwill. Significant assumptions such as cash flow forecasts, long term growth rate, discount rate and management estimates are used as of the date of acquisition in the determination of the fair values of the identified assets acquired (including intangible assets) and liabilities assumed in the transaction and other complex calculations which requires special audit consideration.</p> <p>Due to the quantum of the total purchase consideration and significant estimates and judgements involved in the PPA, this is considered as a key audit matter.</p>	<p>Our audit procedures with respect to this matter included the following:</p> <p>Evaluating the design, implementation and operating effectiveness of the internal controls relating to accounting for business combination and related disclosures in the consolidated financial statements;</p> <p>Evaluating the cash flow forecasts with regard to the valuation of the identified intangible assets, considering the historical financial performance, business growth and expected synergies;</p> <p>Evaluating the competence, capabilities, and objectivity of management's expert engaged for valuation, obtained an understanding of work of the expert, and evaluating the appropriateness of the expert's work as audit evidence;</p> <p>Involving valuation specialists and evaluation of the methodology and key assumptions used by the Group and the valuer (internal/ external) engaged by the Group to value contingent consideration, intangible assets, and goodwill;</p> <p>Re-computing the deferred tax liabilities arising on the acquired intangible assets and verify the applicable tax rates;</p> <p>Evaluating the adequacy and appropriateness of the disclosures in the consolidated financial statements.</p>

Other Information

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual report, but does not include the financial statements and auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.



Our opinion on the consolidated financial statements does not cover the other information and we will 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 identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board 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 each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated 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 Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

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 skepticism 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 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 with reference to financial statements 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 and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. 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 statements of such entities or business activities 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 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. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding 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. The consolidated financial statements of the Group for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion on 29 April 2022
- b. We did not audit the financial statements of 2 subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of Rs. 20,109 lakhs as at 31 March 2023, total revenues (before consolidation adjustments) of Rs. 26,094 lakhs and net cash outflows (before consolidation adjustments)

amounting to Rs. 850 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 sub-section (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.


Our opinion on the consolidated financial statements, 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.

- c. The financial statements of 21 subsidiaries incorporated outside India, whose financial statements reflects total assets (before consolidation adjustments) of Rs. 36,002 lakhs as at 31 March 2023, total revenues (before consolidation adjustments) of Rs. 38,789 lakhs and net cash flows (before consolidation adjustments) amounting to Rs. 12,366 lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements 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 sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid 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, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditors, as noted in the "Other Matters" paragraph, we report, to the extent applicable, 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 and the reports of the other auditors.
 - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows 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 Holding Company as on 31 March 2023 taken on record by the Board of Directors of the Holding 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 are disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

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- f. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. 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, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:
- a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2023 on the consolidated financial position of the Group. Refer Note 25 to the consolidated financial statements.
- b. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 28 to the consolidated financial statements in respect of such items as it relates to the Group.
- c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2023.
- d. (i) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 43 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 Holding Company or any of such subsidiary companies 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 Holding Company or any of such subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 43 to the consolidated financial statements, no funds have been received by the Holding Company or any of such subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiary companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.



The interim dividend declared and paid by the Holding Company and its subsidiary companies incorporated in India during the year and until the date of this audit report is in compliance accordance with Section 123 of the Act.

As stated in Note 41 to the consolidated financial statements, the respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India have proposed final dividend for the year which is subject to the approval of the respectivemembers at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

The interim dividend declared and paid by the Holding Company and its subsidiary companies incorporated in India during the year and until the date of this audit report is in accordance with Section 123 of the Act.

- e. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Holding Company or any of such subsidiary companies only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration payable during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration payable to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Amrit Bhansali

Partner

Membership No.: 065155

ICAI UDIN:23065155BGYPRS9424

Place: Bengaluru

Date: 13 May 2023



Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements of Sonata Software Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(xxi) In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 reports of the companies incorporated in India and included in the consolidated financial statements

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Amrit Bhansali

Partner

Membership No.: 065155

ICAI UDIN:23065155BGYP9424

Place: Bengaluru

Date: 13 May 2023



Annexure B to the Independent Auditor's Report on the consolidated financial statements of Sonata Software Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

In conjunction with our audit of the consolidated financial statements of Sonata Software Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2023, we have audited the internal financial controls with reference to financial statements of the Holding Company and such companies incorporated in India under the Act which are its subsidiary companies, as of that date.

In our opinion and based on the consideration of reports of the other auditors on internal financial controls with reference to financial statements of subsidiary companies, as were audited by the other auditors, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls


The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary companies in terms of their reports referred to in the Other Matters paragraph below,



is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include 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 consolidated 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 consolidated financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Matter

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to 1 subsidiary company, which is a company incorporated in India, is based on the corresponding report of the auditors of such companies incorporated in India.

The internal financial controls with reference to financial statements insofar as it relates to 1 subsidiary company, which is a company incorporated in India and included in these consolidated financial statements, have not been audited either by us or by other auditor. In our opinion and according to the information and explanations given to us by the Management, such unaudited subsidiary company is not material to the Holding Company.

Our opinion is not modified in respect of this matter.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Amrit Bhansali

Partner

Membership No.: 065155

ICAI UDIN:23065155BGYP9424

Place: Bengaluru

Date: 13 May 2023

Consolidated Balance Sheet

₹ in Lakhs

	Note No.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	4,800	1,770
Right-of-use assets	37	8,281	10,560
Capital work-in-progress	3.2	82	1
Goodwill	4	109,837	22,072
Other intangible assets	5	50,309	8,290
Financial assets	6		
Investments	6.1	1,396	1,385
Other financial assets	6.2	4,192	3,795
Deferred tax assets (net)	18	-	2,613
Income tax assets (net)	17	14,935	10,641
Other non-current assets	7	348	364
Total non-current assets		194,180	61,491
Current assets			
Inventories	8	2,882	293
Financial assets	9		
Investments	9.1	20,580	14,476
Trade receivables	9.2	123,622	92,195
Cash and cash equivalents	9.3	41,740	73,369
Other balances with banks	9.4	31,286	3,594
Other financial assets	9.5	1,406	5,323
Other current assets	10	17,459	5,184
Asset held-for-sale		2,533	-
Total current assets		241,508	194,434
Total assets		435,688	255,925
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	11	1,387	1,039
Other equity	12	128,678	108,882
Total Equity		130,065	109,921
LIABILITIES			
Non-current liabilities			
Financial liabilities	13		
Borrowings	13.1	30,506	-
Lease liabilities	13.2	6,751	9,173
Other financial liabilities	13.3	44,964	7,427
Deferred tax liabilities (net)	18	7,069	-
Total non-current liabilities		89,290	16,600
Current liabilities			
Financial liabilities	14		
Borrowings	14.1	18,852	3,800
Lease liabilities	14.2	2,941	2,968
Trade payables	14.3		
Total outstanding dues of micro enterprises and small enterprises		164	40
Total outstanding dues of creditors other than micro enterprises and small enterprises		129,323	105,433
Other financial liabilities	14.4	42,218	591
Other current liabilities	15	10,515	7,897
Provisions	16	3,106	2,850
Current tax liabilities (net)	17	9,214	5,825
Total current liabilities		216,333	129,404
Total equity and liabilities		435,688	255,925

See accompanying notes to the consolidated financial statements

As per our report of even date attached

For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)

Date : May 13, 2023
Place : Bengaluru

For and on behalf of the Board of Directors of Sonata Software Limited

Pradip P Shah
Chairman

Jagannathan Chakravarthi
Chief Financial Officer

Mangal Krishnarao Kulkarni
Company Secretary

Samir Dhir
Managing Director & CEO

R Sathyanarayana
VP - Finance & Accounts

Consolidated Statement of Profit and Loss

₹ in Lakhs

	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	19.1	744,912	555,337
Other income	19.2	7,082	10,198
Total income		751,994	565,535
EXPENSES			
Purchase of stock-in-trade (traded goods)	20.1	548,163	401,752
Changes in inventories of stock-in-trade	20.2	(2,589)	555
Employee benefits expense	21	93,311	73,702
Finance costs	22	1,854	1,805
Depreciation and amortization expense	3.1, 5 & 37	5,913	4,732
Other expenses	23	45,614	32,953
Total expenses		692,266	515,499
Profit before tax		59,728	50,036
Tax expense			
Current tax	17	16,709	14,547
Deferred tax	18	(2,171)	(2,154)
Net tax expense		14,538	12,393
Profit for the year		45,190	37,643
Other comprehensive income			
1. Items that will not be reclassified to profit/(loss)			
(a) Remeasurement of the defined benefit plans		(662)	(1,111)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		162	278
		(500)	(833)
2. Items that will be reclassified to profit/(loss)			
(a) Exchange differences in translating the financial statements of foreign operations		873	478
(b) Fair value changes on derivatives designated as cash flow hedge, net		(3,539)	1,166
(c) Income tax relating to Items that will be reclassified to profit/(loss)		652	(411)
		(2,014)	1,233
Total		(2,514)	400
Total Comprehensive Income for the year		42,676	38,043
Total comprehensive income attributable to:			
Owners of the company		42,676	38,043
Non-controlling interest		-	-
		42,676	38,043
Profit for the year attributable to:			
Owners of the company		45,190	37,643
Non - controlling interest		-	-
		45,190	37,643
Other Comprehensive Income for the year attributable to:			
Owners of the company		(2,514)	400
Non - controlling interest		-	-
		(2,514)	400
Earnings per share (on ₹ 1 per share)			
Basic (₹)	38	32.58	27.17
Diluted (₹)	38	32.58	27.15
Weighted average equity shares used in computing earnings per equity share			
Basic (in shares)		138,704,906	138,560,242
Diluted (in shares)		138,704,906	138,633,696

See accompanying notes to the consolidated financial statements

As per our report of even date attached

For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)

Date : May 13, 2023
Place : Bengaluru

For and on behalf of the Board of Directors of Sonata Software Limited

Pradip P Shah
Chairman

Jagannathan Chakravarthi
Chief Financial Officer

Mangal Krishnarao Kulkarni
Company Secretary

Samir Dhir
Managing Director & CEO

R Sathyanarayana
VP - Finance & Accounts

Consolidated cash flow statement

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	59,728	50,036
Adjustments for :		
Depreciation and amortization expense	5,913	4,732
Impairment loss on Goodwill	-	2,293
Finance costs	1,809	1,714
Impairment (gain)/loss recognised on trade receivable	595	(966)
Bad trade receivables written off	33	233
Provisions/ liabilities no longer required written back	(465)	-
Interest on financial assets at amortized cost	-	-
Lease payment concessions	-	(142)
Interest Income	(2,643)	(2,873)
Net (gain) on investments carried at fair value through profit and loss	(1,523)	(553)
Gain on termination of lease	(466)	-
Expenses on employee stock based compensation	679	34
Net unrealized foreign exchange (gain) / loss	(1,639)	(126)
Operating profit before working capital changes	62,046	54,382
Changes in operating assets and liabilities:		
Trade receivables	(31,258)	(25,238)
Inventories	(2,590)	555
Other financial assets non-current	(397)	(210)
Other financial assets current	(7,829)	1,155
Other non-current assets	16	307
Other current assets	(4,525)	262
Asset held-for-sale	(2,533)	-
Trade payables	25,432	40,808
Other financial liabilities non-current	(2,974)	(4,464)
Other financial liabilities	6,785	-
Other current liabilities	1,956	(7,082)
Provisions	256	135
Net cash flow from / (used in) operations	44,385	60,610
Direct taxes/advance tax paid (net)	(17,543)	(15,592)
Net cash flow from / (used in) operating activities (A)	26,842	45,018
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment including intangible assets, capital-work-in progress and capital advances	(4,105)	(963)
Proceeds from disposal of property, plant and equipment	(5)	(1)
Purchase of current investments	(499,637)	(258,945)

Consolidated cash flow statement

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchase of non-current investments	-	(290)
Acquisition of subsidiary	(52,939)	(1,430)
Proceeds from sale of current investments	495,035	251,563
Investment in bank deposits	(27,691)	48
Interest received	3,808	1,685
Net cash from / (used in) from investing activities (B)	(85,534)	(8,333)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Payment of lease liabilities	(3,258)	(2,921)
Proceeds from short-term borrowings	14,733	6,858
Repayment of short-term borrowings	(14,512)	(12,031)
Proceeds from long-term borrowings	45,128	-
Payment of dividend	(23,241)	(18,693)
Proceeds from issue of shares on exercise of ESOP	2	-
Interest paid	(177)	(273)
Net cash flow used in financing activities (C)	18,675	(27,060)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(40,017)	9,625
Opening cash and cash equivalents	73,369	64,066
Cash and cash equivalents on acquisition of subsidiaries during the year	8,759	-
Exchange difference on translation of foreign currency cash and cash equivalents	(371)	(322)
Closing Cash and cash equivalents	41,740	73,369
Cash and cash equivalents at the end of the period comprises:		
Cash on hand	2	1
Balances with banks		
In Current accounts	25,365	8,729
In EEFC accounts	1,002	1,100
In deposit accounts	15,371	63,539
	41,740	73,369

See accompanying notes to the consolidated financial statements

As per our report of even date attached

For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)

Date : May 13, 2023
Place : Bengaluru

For and on behalf of the Board of Directors of Sonata Software Limited

Pradip P Shah
Chairman

Jagannathan Chakravarthi
Chief Financial Officer

Mangal Krishnarao Kulkarni
Company Secretary

Samir Dhir
Managing Director & CEO

R Sathyanarayana
VP - Finance & Accounts

Consolidated Statement of changes in equity

(a) Equity share capital

₹ in Lakhs

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
Balance as at April 1, 2022	1,039
Add: Shares issued on bonus issue	346
Add: Shares issued on exercise of employee stock options	2
Balance as at March 31, 2023	1,387

(b) Other equity

₹ in Lakhs

Particulars	Reserves and Surplus (Refer note 12)					Items of Other Comprehensive Income (Refer note 12)			Equity attributable to owners of the Company
	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, 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)	874	359	400
Total comprehensive income for the year					37,643	(833)	874	359	38,043
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)	2,082	882	108,882
Balance as at April 1, 2022	4,497	2,787	8,742	265	91,242	(1,615)	2,082	882	108,882
Profit for the period					45,190				45,190
Other comprehensive income, (net of tax)						(500)	(2,673)	658	(2,515)
Total comprehensive income for the year					45,190	(500)	(2,673)	658	42,675
Employee share based payments	-			679					679
Amount utilized for bonus issue	(346)								(346)
Payment of cash dividends					(23,212)				(23,212)
Balance as at March 31, 2023	4,151	2,787	8,742	944	113,220	(2,115)	(591)	1,540	128,678

See accompanying notes to the consolidated financial statements

As per our report of even date attached

For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)

Date : May 13, 2023

Place : Bengaluru

For and on behalf of the Board of Directors of Sonata Software Limited

Pradip P Shah
Chairman

Jagannathan Chakravarthi
Chief Financial Officer

Mangal Krishnarao Kulkarni
Company Secretary

Samir Dhir
Managing Director & CEO

R Sathyanarayana
VP - Finance & Accounts



Notes to the Consolidated financial statements

For The Year Ended March 31, 2023

1 COMPANY OVERVIEW

The Consolidated financial statements of Sonata Software Limited ("Sonata" or the "Company") includes Sonata Software Limited together with the subsidiaries Sonata Information Technology Limited, Sonata Software North America 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, Sonata Software Canada Limited, Sonata Latin America S. DE R.L. DE C.V., Quant Systems Inc., Quant Cloud Solutions Private Limited, Quant Systems CRC Inc Sociedad de Responsabilidad Limitada and Woodshed LLC.

Sonata together with its subsidiaries are together referred as the 'Group'.

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 consolidated financial statements have been approved for issue by the Company's Board of Directors on May 13, 2023.

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.;
- b) Sonata Software North America Inc., in USA through which it delivers software development and consulting services primarily to its clients in North America;
- c) Sonata Europe Limited, in UK through which it delivers software development and consulting services primarily to its clients in Europe; and
- d) Sonata Software Solutions Limited in India which is in the business of providing information technology services and solutions to its customers in the United States of America, Europe, Middle East and Australia.

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") prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of 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 values.



c. 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 consolidated 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.

All amounts rounded off to the nearest Rupees in Lakhs unless otherwise indicated.

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

ii) 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) Depreciation and amortisation

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

v) 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 Group 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 forecasted transaction.

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 Companies in the Group 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. Non 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, 2023	% of ownership held as on March 31, 2022
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 (Refer Note ix below)	UAE	-	100%
Sonata Software (Qatar) LLC (Refer Note i below)	Qatar	49%	49%
Interactive Business Information Systems Inc. (Refer Note viii below)	USA	-	100%
Sonata Australia Pty Ltd (formerly known as "Scalable Data Systems Pty Ltd")	Australia	100%	100%

Name of the Entity	Country of Incorporation	% of ownership held as on March 31, 2023	% of ownership held as on March 31, 2022
Sopris Systems LLC	USA	100%	100%
GAPbuster Limited	UK	100%	100%
GAPbuster Europe Limited	UK	100%	100%
GAPbuster Inc	USA	100%	100%
GAPbuster Worldwide Pty Limited	Malaysia	100%	100%
GAPbuster China Co. Limited	China	100%	100%
Kabushiki Kaisha GAPbuster Japan	Japan	100%	100%
GAPbuster Worldwide Malaysia Sdn Bhd	Malaysia	100%	100%
Encore IT Services Solutions Private Limited (Refer Note ii below)	India	100%	100%
Encore Software Services, Inc., (Refer Note iii below)	USA	100%	100%
Sonata Software Intercontinental Limited (Refer Note iv below)	Ireland	100%	100%
Sonata Software Canada Limited (Refer Note v below)	Canada	100%	100%
Sonata Latin America S. DE R.L. DE C.V. (Refer Note vi below)	Mexico	100%	-
Quant Systems Inc. (Refer Note vii below)	USA	100%	-
Quant Cloud Solutions Private Limited (Refer Note vii below)	India	100%	-
Quant Systems CRC Inc Sociedad de Responsabilidad Limitada (Refer Note vii below)	Costa Rica	100%	-
Woodshed LLC (Refer Note vii below)	USA	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 Software Limited (SSL) has acquired 100% stake in Encore IT Services Solutions Private Limited, a Chennai based Company on August 01, 2021.
- iii) Sonata Software North America Inc., (SSNA) has acquired 100% stake in Encore Software Services, Inc. a California based company on August 01, 2021.
- iv) Sonata Software Intercontinental Limited has been incorporated in Ireland with effect from September 08, 2021.
- v) Sonata Software Canada Limited has been incorporated in Canada with effect from December 03, 2021.
- vi) Sonata Latin America S. DE R.L. DE C.V. has been incorporated in Mexico with effect from May 05, 2022.
- vii) Sonata Software North America Inc., (SSNA) has acquired 100% stake in Quant Systems Inc., a Texas based Company and Quant Cloud Solutions Private Limited, Quant Systems CRC Inc Sociedad de Responsabilidad Limitada and Woodshed LLC subsidiary of Quant Systems Inc., on March 10, 2023 (Refer note 38).
- viii) Interactive Business Information Systems Inc., in the US has been merged with Sonata Software North America Inc., wholly-owned subsidiary of Sonata Software Limited w.e.f December 13, 2022.
- ix) Sonata Software FZ LLC has been liquidated with effect from March 30, 2023.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Property, plant and equipment

Property, plant and equipment are measured at 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 Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the consolidated 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 consolidated statement of profit and loss.

b. 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.

c. 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.

Straight-line method

Asset class	Useful life
Buildings	60 years
Plant and machinery (Hardware)	3 years
Plant and machinery (Others)	15 years
Lease hold land	lease term
Lease hold improvements	lease term

Written down method

Asset class	Percentage
Furniture and fixtures	25.88
Office equipments	45.07
Vehicles	31.23

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

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 Group 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.

d. 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 straight-line 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	6 years
Intellectual property	7 - 9 years
Non compete	3 years
Vendor relationship	7 years
Customer relationship	5 - 11 years
Contracts in Progress	1 - 3 years
Brand Value	10 years

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. 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 and book overdraft which 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 Group 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 consolidated 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 are 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 consolidated 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. Vendor financing arrangement with extended payment terms beyond normal terms agreed with supplier are classified as borrowings.

Financial liabilities at fair value through profit and loss (FVTPL)

Financial liabilities at FVTPL represented by contingent consideration are measured at fair value with all changes recognised in the consolidated 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 forecasted 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 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 Group carries such instruments at cost less impairment, if applicable.


f. 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 a 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.

g. 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.

h. 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.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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.


i. **Leases**

The Group's lease asset classes primarily consist of leases for land and buildings. The Group, 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 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 Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group 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 Group recognises the lease payments associated with these leases as an expense over the lease term.

j. Cash flow statement:

Cash flows are reported using the indirect method, whereby profit for the year 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 flows from operating, investing and financing activities of the Group are segregated.

k. 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 (i.e. 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.

Unsold licences are classified as inventory



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.

Contract assets represent cost and earnings in excess of billings as at the end of the reporting period. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liabilities (unearned revenues) represent billing in excess of revenue recognized.

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

l. 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 consolidated 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.

m. Dividend

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

n. Foreign currency transactions and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at reporting date of monetary assets and liabilities denominated in foreign currencies are recognized in the 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.

o. Finance income and expense

Finance income consists of interest income on funds invested, dividend income and fair value gains on the



FVTPL financial assets. Interest income is recognized as it accrues in the consolidated statement of profit and loss, using the effective interest rate 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 rate method.

p. 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.

q. 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 Group 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 expense / income 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 including goodwill or a group of non financial assets is impaired. If any such indication exists, the Group 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 consolidated statement of 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").

r. Business combination, goodwill and intangible assets

Business combinations other than through common control transactions are accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

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.

Contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognized in the consolidated statement of profit and loss.

Business combinations through common control transactions are accounted using 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.

s. Earnings per share

Basic earnings per equity share is computed by dividing the net profit attributable to the share 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 share 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 non-occurrence 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.

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 Group does not recognize any 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."

w. Asset held-for-sale

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

2.4 Recent pronouncements

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements: The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its consolidated financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its consolidated financial statements.

Ind AS 12 – Income Taxes: The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its consolidated financial statements.



3.1 Property, Plant and Equipment

Tangible assets

₹ in Lakhs

Particulars	Buildings	Office equipments	Leasehold improvements	Furniture and fixtures	Plant and equipments	Vehicles	Total
Cost							
As at April 1, 2021	115	614	1,294	593	2,456	162	5,235
Acquisitions through business combinations (Refer note 38)	-	3	-	7	87	-	97
Additions	-	9	42	3	817	-	871
Disposals	-	(1)	(2)	(4)	(7)	-	(14)
Translation adjustments	-	4	25	9	48	-	86
As at March 31, 2022	115	629	1,359	608	3,401	162	6,275
As at April 1, 2022	115	629	1,359	608	3,401	162	6,275
Acquisitions through business combinations (Refer note 38)	-	0	-	73	74	-	148
Additions	-	297	856	241	2,760	-	4,154
Disposals	-	(104)	(1,042)	(132)	(1,337)	-	(2,615)
Translation adjustments	-	(8)	62	12	30	-	96
As at March 31, 2023	115	815	1,235	803	4,928	162	8,057
Accumulated Depreciation							
As at April 1, 2021	12	493	960	447	1,696	114	3,723
Depreciation	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	529	1,104	486	2,242	129	4,505
As at April 1, 2022	14	529	1,104	486	2,242	129	4,505
Acquisitions through business combinations (Refer note 38)	-	-	-	69	28	-	96
Depreciation	2	90	230	21	808	10	1,161
Depreciation on disposals	-	(103)	(1,042)	(117)	(1,332)	-	(2,594)
Translation adjustments	-	(10)	81	10	8	-	89
As at March 31, 2023	16	506	373	469	1,754	139	3,257
Net carrying value							
As at March 31, 2023	99	308	863	334	3,174	23	4,800
As at March 31, 2022	101	100	256	122	1,158	33	1,770

3.2 Capital Work in progress

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

₹ in Lakhs

	CWIP for a period of				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
Projects in progress:					
As at March 31, 2023	82	-	-	-	82
As at March 31, 2022	1	-	-	-	1

As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost, based on approved plan.

4 Goodwill

₹ in Lakhs

	As at March 31, 2023
Cost	
As at April 1, 2021	17,591
Acquisitions through business combinations (Refer note 38)	6,179
Effect of foreign currency exchange differences	595
As at March 31, 2022	24,365
As at April 1, 2022	24,365
Acquisitions through business combinations (Refer note 38)	86,223
Effect of foreign currency exchange differences	1,630
As at April 1, 2023	112,218
Accumulated Impairment	
As at April 1, 2021	-
Impairment for the year	2,293
Effect of foreign currency exchange differences	-
As at March 31, 2022	2,293
As at April 1, 2022	2,293
Effect of foreign currency exchange differences	88
As at March 31, 2023	2,381
Net carrying value	
As at March 31, 2023	109,837
As at March 31, 2022	22,072

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 Group 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	March 31,2023	March 31,2022
Xyka Software Private Limited.	282	282
Rezopia Inc.	991	914
Halosys Technologies Inc.	2,523	2,327
Interective Business Information Systems Inc.	6,316	5,826
Sonata Australia Pty Ltd (Formerly known as Scalable Data System Pty Limited)	2,038	2,104
Sopris Systems, LLC	2,447	2,257
GAPbuster Limited	2,091	2,158
Encore Software Services, Inc.	6,726	6,204
Quant Systems Inc.	86,423	-
Total	109,837	22,072

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 2021-22 -18%), pre-tax, which is arrived after consulting the valuation experts. The Group has considered steady growth rate of 2.5% to 18% YOY from FY 2023-24 onwards (FY 2022-23 - 2.5% to 18% YOY). EBITDA margins considered in the projections are based on international services and for FY 2023-24 onwards it is taken at 7% to 22% (FY 2022-23 - 7% to 22%) based on financial budgets approved by management.

During the year ended March 31, 2022, since the recoverable amount determined for Sopris Systems LLC, was lower than the carrying value of the respective CGU, the Group has recognized an impairment loss of ₹ 2,293 lakhs.

As at March 31, 2023, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not required.

5 Other Intangible assets

₹ in Lakhs

Particulars	Computer software - purchased	Internally generated software	Intellectual Property	Non Compete	Vendor Relationship	Customer Relationship	Contracts in Progress	Brand Value	Total
Cost									
As at April 1, 2021	33	2,076	655	316	1,081	2,445	709	387	7,702
Acquisitions through business combinations (Refer note 38)	2	-	-	-	-	3,438	1,528	-	4,968
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Translation adjustments	(1)	-	-	-	-	-	-	-	(1)
As at March 31, 2022	34	2,076	655	316	1,081	5,883	2,237	387	12,669
As at April 1, 2022	34	2,076	655	316	1,081	5,883	2,237	387	12,669
Acquisitions through business combinations (Refer note 38)	-	-	-	-	-	38,039	5,853	-	43,892
Additions	18	-	-	-	-	-	-	-	18
Disposals	-	-	-	-	-	-	-	-	-
Translation adjustments	(19)	-	-	-	-	-	-	-	(19)
As at March 31, 2023	33	2,076	655	316	1,081	43,922	8,090	387	56,560
Accumulated amortization									
As at April 1, 2021	33	661	258	89	796	542	527	26	2,933
Amortization	2	306	66	111	183	566	339	45	1,618
Amortization 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
As at April 1, 2022	32	816	322	198	966	998	1,025	22	4,379
Acquisitions through business combinations (Refer note 38)	-	-	-	-	-	-	-	-	-
Amortization	(17)	307	67	112	123	922	735	45	2,294
Amortization on disposals	(1)	-	-	-	-	-	-	-	(1)
Translation adjustments	2	39	5	6	(8)	(371)	(105)	11	(421)
As at March 31, 2023	16	1,162	394	316	1,081	1,549	1,655	78	6,251
Net carrying value									
As at March 31, 2023	17	914	261	-	-	42,373	6,435	309	50,309
As at March 31, 2022	2	1,260	333	118	115	4,885	1,212	365	8,290
Estimated useful life (in years)	3	6	7-9	3	7	5-11	1-3	10	
Estimated remaining useful life (in years)	3	3	2-5	-	-	1-11	1-2	7	

Non-current

6.1 Investments

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2023
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, 2022 : 138 Shares of US \$ 0.01 per share)	8	8
Equity instruments carried at fair value (unquoted) through OCI		
Investment in simple agreement for future equity - Retail 10X, Inc.	698	644
Investment in SemiCab, Inc.	288	265
Investment in Treeni Sustainability Solutions Inc.	247	227
Investments carried at fair value through profit & loss:		
Investments in PSU Bonds (quoted)	155	241
Total	1,396	1,385
Aggregate amount of quoted investments	163	249
Market value of quoted investment	163	249
Aggregate carrying amount of unquoted investments	1,233	1,136
Investments carried at fair value through other comprehensive income	1,233	1,136
Investments carried at fair value through profit & loss	163	249

6.2 Other financial Assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2023
Unsecured, considered good		
Balance held as margin money or security against borrowings	2,342	1,937
Security deposits	1,850	1,858
Total	4,192	3,795

7 Other non-current Assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2023
Unsecured, considered good unless otherwise stated		
Other deposits	12	31
Prepaid expenses	96	76
Balances with government authorities		
Receivable from customs authority	219	219
Receivable from GST authority	2	2
	221	221
Other recoverables		
Considered good	19	36
Considered doubtful	-	125
	19	161
Less : Allowance for doubtful recoverable	-	125
	19	36
Total	348	364

Current

8 Inventories

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2023
Stock-in-trade - Hardware/Software products and licenses	2,882	293
Total	2,882	293

9.1 Investments

Investments carried at fair value through profit and loss:

₹ in Lakhs

Investments in mutual funds (quoted)	As at March 2023		As at March 2022	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
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	575	1,137,375	544
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
Axis Liquid Fund - Direct Plan - Growth Option	113,303	2,834		-
IDFC G - Sec Investment Fund	1,333,916	419	1,333,916	407
Nippon India Quarterly Interval Fund - Series II - Direct Plan Growth Plan - Growth	3,282,205	1,028		-
ICICI Prudential Liquid Fund - Direct Growth	697,253	2,323		-
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
Aditya Birla Sunlife Liquid Fund - Growth Direct Plan	800,272	2,906	-	-
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
UTI Liquid Fund Direct Growth	32,747	1,208		-
SBI Liquid Fund	25,849	911		-
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option	18,404	1,014		-
Mirae Asset Cash Management Fund - Direct Plan - Growth	59,221	1,407		-

₹ in Lakhs

Investments in mutual funds (quoted)	As at March 2023		As at March 2022	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Mirae Asset Fixed Maturity Plan SR V Plan-1 -Growth	20,015,775	2,020		-
Mirae Asset Fixed Maturity Plan SR V Plan-2 -91 days Growth	4,999,750	502		-
Tata Liquid Fund- Direct Plan-Growth Option	20,203	718		-
HSBC Cash Fund -Growth Direct	85,459	1,916		-
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 Money Market Fund Direct	4,374	53		-
Axis Overnight Fund		-	10,411	120
Investment in Edward Jones		684		-
Investments in PSU Bonds (quoted)				
Investments in PSU Bonds		62		84
Total		20,580		14,476
Aggregate amount of quoted investments		20,580		14,476
Market value of quoted investment		20,580		14,476
Investments carried at fair value though profit or loss		20,580		14,476

9.2 Trade receivables

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured		
Billed		
Considered good	114,741	89,512
Considered doubtful	2,307	1,583
	117,048	91,095
Less : Allowances for credit losses	2,307	1,583
	114,741	89,512
Unbilled*	8,881	2,683
Total	123,622	92,195

Movement in allowances for credit losses

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	1,583	2,529
Movement in allowances for credit losses on trade receivables (including expected credit loss allowance on trade receivables calculated at lifetime expected credit loss)	724	(946)
Provision at the end of the year	2,307	1,583

Expected credit loss

The Group 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

Particulars	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 - Billed							
As at March 31, 2023	92,278	21,014	1,540	1,960	-	256	117,048
Less: Allowance for credit losses							2,307
							114,741
As at March 31, 2022	77,354	12,270	983	-	247	241	91,095
Less: Allowance for credit losses							1,583
Total							89,512

*Balance as at March 31, 2022 is reclassified from other financial assets

9.3 Cash and cash equivalents

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Balances with banks		
In current accounts	25,365	8,729
In EEFC accounts	1,002	1,100
In deposit accounts with original maturity of less than three months	15,371	63,539
Cash on hand	2	1
Total	41,740	73,369

9.4 Other financial assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Short-term bank deposits with due date within one year of the balance sheet date	30,693	1,726
In earmarked accounts		
Balance held as margin money or security against borrowings	144	1,390
Unpaid dividend account	449	478
Total	31,286	3,594

9.5 Other financial assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Security deposits	323	242
Interest accrued but not due on fixed deposits/margin money	758	1,887
Fair value of forward contracts (Refer note 28 and 29)	325	3,194
Total	1,406	5,323

10 Other current assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Contract assets*	10,212	2,464
Other deposits	91	162
Advances to employees	126	175
Prepaid expenses	1,669	982
Balances with government authorities		
Receivable from service tax authority	-	6
VAT credit receivable	81	101
GST credit receivable	2,833	682
Gratuity	-	-
Other recoverables	2,447	612
Total	17,459	5,184

*Balance as at March 31, 2022 is reclassified from other financial assets

11 Equity share capital

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Authorized		
150,000,000 equity shares of face value ₹ 1/- each	1,500	1,500
(As at March 31, 2022 : 150,000,000 equity shares of face value ₹ 1/- each)		
Issued		
140,212,408 equity shares of face value ₹ 1/- each fully paid-up	1,402	1,052
(As at March 31, 2022 : 105,159,306 equity shares of face value ₹ 1/- each)		
Subscribed and paid-up		
138,704,906 equity shares of face value ₹ 1/- each fully paid-up	1,387	1,039
(As at March 31, 2022 : 103,920,181 equity shares of face value ₹ 1/- each)		
Out of issued capital, 1,507,502 (As at March 31, 2022 - 1,239,125) shares are held by Sonata Software Limited Employee Welfare Trust		
Refer note (i) to (vii) below		

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

Notes :

	As at March 31, 2023	As at March 31, 2022
Equity shares with voting rights		
Number of shares outstanding at the beginning of the year	103,920,181	103,908,181
Add: Share issued on exercise of employee stock options before bonus issue (Refer Note 32)	6,000	12,000
Add: Share issued on exercise of employee stock options after bonus issue (Refer Note 32)	136,664	-
Add: Bonus shares issued	34,642,061	-
Number of shares outstanding at the end of the year	138,704,906	103,920,181

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

	As at March 31, 2023		As at March 31, 2022	
	No. of shares*	% of holding	No. of shares	% of holding
Hemendra M Kothari	12,799,993	9.13%	9,600,000	9.13%
Akshay Rajan Raheja	11,000,000	7.85%	8,250,000	7.85%
Viren Rajan Raheja	11,000,000	7.85%	8,250,000	7.85%
Suman R Raheja	9,200,000	6.56%	6,900,000	6.56%
HDFC Multi cap fund (formerly known as HDFC Small cap fund)	11,432,645	8.15%	7,774,103	7.39%

* Due to issuance of bonus shares in September 2022 in the ratio of 1:3

iv) Details of shares held by each promoter

	As at March 31, 2023			As at March 31, 2022	
	No. of shares at the commencement of the year	Change during the year*	No. of shares at the end of the year	% of total shares	% change during the year
Akshay Rajan Raheja	8,250,000	2,750,000	11,000,000	7.85	33.33%
Viren Rajan Raheja	8,250,000	2,750,000	11,000,000	7.85	33.33%
Suman R Raheja	6,900,000	2,300,000	9,200,000	6.56	33.33%
Rajan B Raheja	4,787,450	1,595,816	6,383,266	4.55	33.33%
Excelsior Construction Company Private Limited	1,150,000	383,333	1,533,333	1.09	33.33%
Fantasia Enterprises Private Limited	143,000	47,666	190,666	0.14	33.33%
Siena Traders Private Limited	143,000	47,666	190,666	0.14	33.33%

* Due to issuance of bonus shares in September 2022 in the ratio of 1:3

(v) Equity shares movement during the 5 years preceding March 31, 2023

Equity shares issued as bonus: The Company allotted 34,642,061 equity shares as fully paid up bonus shares in the ratio of 1:3, by capitalisation of securities premium amounting to 346 lakhs for the quarter ended September 30, 2022, pursuant to an ordinary resolution passed after taking the consent of shareholders through postal ballot.

vi) 1,507,502 equity shares (treasury) held by trust of face value ₹ 1/- each	₹ in Lakhs	₹ in Lakhs
(As at 31.03.2022 : 1,239,125 equity shares (treasury) of face value ₹ 1/- each)	15	12

(vii) During the year ended March 31, 2023, the Company has incurred a net cash outflow ₹ 13,510 lakhs towards final dividend for fiscal 2022 and ₹ 9,702 lakhs towards interim dividend for fiscal 2023. (During the year ended March 31, 2022, the Company has incurred a net cash outflow ₹ 10,391 lakhs towards final dividend for fiscal 2021 and ₹ 8,312 lakhs towards interim dividend for fiscal 2022.)

12 Other equity

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Securities premium reserve		
Opening balance	4,497	4,497
Less: Amount utilized for bonus issue	(346)	-
Closing balance	4,151	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 shares pursuant to section 69 of the Companies Act 2013.		
General reserve	8,742	8,742
This represents appropriation of profit by the Company.		
Employee stock option reserve		
Opening balance	265	231
Add: Employee share based payments (Refer Note 32)	679	34
Closing balance	944	265
This represents value of equity-settled share based payment transaction with employees.		
Retained earnings		
Opening balance	91,242	72,302
Profit for the year	45,190	37,643
Less :		
Dividend paid	23,212	18,703
Closing balance	113,220	91,242
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, 2023	As at March 31, 2022
Remeasurement of the defined benefit plans		
Opening balance	(1,615)	(782)
For the period (net of tax)	(500)	(833)
Closing balance	(2,115)	(1,615)
Actuarial gain or (losses) on gratuity benefit are recognised in other comprehensive income.		
Effective portion of cash flow hedges		
Opening balance	2,082	1,208
Exchange difference on cash flow hedges (net of tax)	(2,673)	874
Closing balance	(591)	2,082
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.		
Foreign currency translation reserve		
Opening balance	882	523
For the period (net of tax)	658	359
Closing balance	1,540	882
The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.		
Total	128,678	108,882

13 Non-current financial liabilities

13.1 Borrowings

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Term loan		
From banks - Secured*	30,506	-
Total	30,506	-

*Secured by charge over tangible, intangible and current assets of Sonata Software North America Inc., USA and Quant Systems Inc., USA. The loan is repayable in ten quarterly installments at an interest rate of 1-Month Term SOFR+140bps

13.2 Lease liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Lease liabilities (Refer Note 37)	6,751	9,173
Total	6,751	9,173

13.3. Other financial liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Payable for contingent consideration (Refer note 38)	43,182	7,045
Payable for deferred consideration	415	382
Other liabilities	1,367	-
Total	44,964	7,427

14 Current Financial liabilities

14.1 : Borrowings

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Secured loans from banks		
Current portion of term loan (Refer note 13.1)	14,688	-
Bank overdrafts	62	-
Working capital loan ¹	-	2,274
Unsecured loans		
Banks ²	2,961	474
Others ³	1,141	1,052
Total	18,852	3,800

¹ Based on corporate guarantee given by Sonata Software Limited to Citi Bank NA US on behalf of Sonata Software North America Inc., USA and which is repayable on demand

² Vendor financing arrangement repayable in four quarterly instalments

³ Paycheck protection program loan received from Small Business administration, US Treasury

14.2 Lease liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Lease liabilities (Refer Note 37)	2,941	2,968
Total	2,941	2,968

14.3 Trade Payables

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 27)	164	40
Total outstanding dues of creditors other than micro enterprises and small enterprises	129,323	105,433
Total	129,487	105,473

Trade payables ageing schedule

Particulars	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, 2023							
MSME	-	164	-	-	-	-	164
Others	11,889	86,386	30,569	-	80	399	129,323
Total	11,889	86,550	30,569	-	80	399	129,487
(ii) As at March 31, 2022							
MSME	-	40	-	-	-	-	40
Others	13,226	91,171	284	352	63	337	105,433
Total	13,226	91,211	284	352	63	337	105,473

14.4 Other financial liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	141	-
Interest accrued and due on borrowings	1	2
Unpaid dividends	449	478
Payable on acquisition of property, plant and equipment	207	8
Fair value of forward contracts (Refer note 28 and 29)	1,439	101
Payable for contingent consideration (Refer Note 38)	39,979	-
Other liabilities	2	2
Total	42,218	591

15 Other current liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Contract liabilities	3,545	2,336
Gratuity payable (net) (Refer Note 31)	728	603
Other payables		
Statutory remittances	4,853	3,682
Advances from customers	1,050	956
Other liabilities	339	320
Total	10,515	7,897

16 Provisions

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Compensated absences	3,106	2,845
Gratuity	-	5
Total	3,106	2,850

17 Current tax liabilities (net)

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax ₹ 29,897 (for March 31, 2022 ₹ 24,846))	9,214	5,825
Total	9,214	5,825

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Income Taxes		
(a) Income tax expense in the statement of profit and loss consists of:		
Current Tax:		
In respect of current year	16,709	14,547
Deferred Tax (Refer note 18):		
In respect of current year	(2,171)	(2,154)
Total Income tax expense recognised in the consolidated statement of profit and loss	14,538	12,393
(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	(162)	(278)
Net loss / (gain) on translation of foreign operations	214	119
Net loss / (gain) on fair value changes on cash flow hedges	(866)	292
Total	(814)	133
The reconciliation between the provision of income tax of the Group and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:		
Profit before tax	59,728	50,036
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	15,032	12,593

	For the year ended March 31, 2023	For the year ended March 31, 2022
Effect of:		
Income exempt from tax	(2,527)	(1,064)
Expenses that are not deductible in determining taxable profit	872	161
Items that are deductible in determining taxable profit	156	-
Income not taxable as per income tax	(31)	-
Provision for tax relating to prior years	(29)	51
Different tax rates of Subsidiaries operating in other jurisdictions	987	643
Others	78	9
Income tax expense recognised in the consolidated statement of profit and loss	14,538	12,393

The applicable Indian corporate statutory tax rate for the year ended March 31, 2023 and March 31, 2022 is 25.17% and 25.17% respectively.

On September 20, 2019, the Government of India, vide the Taxation Laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Corporate Tax at reduced rate effective April 01 2019, subject to certain conditions. The Company including its subsidiary incorporated in India has completed its evaluation and has opted to pay tax at the reduced rate.

The group is having a 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 (MAT) 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.

18 Deferred tax assets

Deferred tax assets / (liabilities) as at March 31, 2023 in relation to:

₹ in Lakhs

	As at April 1, 2022	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Others	As at March 31, 2023
Property, plant and equipment	766	(43)	-	1	724
Intangible assets*	(1,992)	622	-	(11,851)	(13,221)
Allowances for credit losses	319	181	-	(24)	476
Disallowance u/s 40(a)	1,976	503	-	-	2,479
Disallowance u/s 43B	1,369	72	-	-	1,441
Net gain or loss on fair value of mutual funds	(23)	11	-	-	(12)
Defined benefit plans	394	-	162	-	556
Translation of foreign operations	(484)	-	(214)	-	(698)
Fair value changes on cash flow hedges	(234)	-	866	-	632
MAT credit	609	1,520	-	-	2,129
Others	(87)	(696)	-	(792)	(1,575)
Total	2,613	2,171	814	(12,666)	(7,069)

*Deferred tax liabilities on Intangible Assets under 'Others' is due to acquisition during the year. Refer Note 38 for details

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	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 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	1,895	2,154	(133)	(1,302)	2,613

*Deferred tax liabilities on Intangible Assets and 'Others' is due to acquisition during the year. Refer Note 38 for details.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹ 4,288 lakhs and ₹ 2,726 lakhs as at March 31, 2023 and March 31, 2022, respectively, associated with investments in subsidiaries as the Company is able to control the timing of reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets has not been recognised on accumulated long term capital loss of ₹ 1,424 Lakhs and ₹ 3,577 Lakhs as at March 31, 2023 and March 31, 2022 respectively as it is not probable that taxable profit will 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

Particulars	As at March 31, 2023	As at March 31, 2022
-AY 2022-23	-	2,154
-AY 2024-25	461	461
-AY 2025-26	963	962
Total	1,424	3,577

19.1 Revenue from operations

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of hardware/software product and licenses	571,155	422,393
Software services	173,529	132,851
Other operating revenues	228	93
Total	744,912	555,337

19.2 Other income

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income*	2,572	2,873
Net foreign exchange gain	1,636	1,451
Net gain on investments carried at fair value through profit or loss	1,523	553
Provisions/liabilities no longer required written back	465	3,980
Gain on termination of lease	466	-
Interest income on income tax refund	71	-
Miscellaneous income	349	1,341
Total	7,082	10,198
*Interest income comprise:		
Interest on bank balances and bank deposits	2,557	2,848
Interest on financial assets carried at amortised cost	1	15
Interest on financial assets carried at fair value through profit or loss	14	10

20.1 Purchase of stock-in-trade (traded goods)

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchase of stock-in-trade (traded goods)	548,163	401,752
Total	548,163	401,752

20.2 Changes in inventories of stock-in-trade

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Stock		
Stock-in-trade - Hardware/Software product and licenses	293	848
	293	848
Closing Stock		
Stock-in-trade - Hardware/Software product and licenses	2,882	293
	2,882	293
(Increase) / decrease in inventories	(2,589)	555

21 Employee benefits expense

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	86,299	67,779
Contribution to provident and other funds	5,059	4,401
Share based payments to employees (Refer Note 32)	572	415
Gratuity (Unfunded)	1	3
Staff welfare expenses	1,380	1,104
Total	93,311	73,702

22 Finance costs

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on financial liabilities measured at amortised cost:		
Borrowings	200	81
Lease liability (Refer Note 37)	1,095	1,252
Unwinding contingent consideration	397	196
Others	45	91
Other borrowing costs	117	185
Total	1,854	1,805

23 Other expenses

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Power and fuel	405	316
Rent	720	637
Repairs and maintenance - Buildings	5	13
Repairs and maintenance - Machinery	283	350
Insurance	1,439	952
Rates and taxes	831	1,083
Communication cost	971	827
Facility maintenance	798	639
Travelling and conveyance expenses	2,418	514
Sales commission	(221)	1,057
Professional and technical fees	8,672	7,311
Legal fees	473	87
Recruitment	1,504	1,156
Insourcing professional fees	22,195	13,248
Expenditure on corporate social responsibility (Refer Note 39)	720	588
Bad trade receivables written off	33	233
Advances written off	-	370
Software license fees	1,171	652
Payments to auditors (refer note below)	136	124
Net loss on property, plant and equipment sold / scrapped	25	-
Impairment loss/(gain) recognised on trade receivable	595	(966)
Goodwill impairment (Refer note 4)	-	2,293
Miscellaneous expenses	2,441	1,469
Total	45,614	32,953

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Note: Payment to auditors comprises (net of input tax credit):		
Remuneration to statutory auditors for audit of Company and its subsidiaries	125	124
Remuneration to statutory auditors for other services	4	-
Reimbursement of expenses	7	-
	136	124

24 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

Particulars	For the year ended March 31, 2023		For the year ended March 31, 2022	
	India	Other than India	India	Other than India
Time and Material	6,259	94,784	9,364	97,272
Fixed price	10,064	62,422	7,154	19,537

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 from time and material contracts are recognized as related services are performed. Revenue from fixed price maintenance contracts are recognized on a straight-line 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 consolidated balance Sheet.

During the year ended March 31, 2023, ₹ 5,147 Lakhs of unbilled revenue as of April 1, 2022 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

During the year ended March 31, 2023, the Group recognized revenue of ₹ 2,336 Lakhs arising from opening unearned revenue as of April 1, 2022.

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, 2023, other than those meeting the exclusion criteria mentioned above, is ₹ Nil. The Company expects to recognize the revenue within the next one year. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

25 Contingent Liabilities

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
a) Guarantees		
The Company has given corporate guarantees to certain suppliers of Sonata Information Technology Limited (SITL) and Sonata Software North America Inc. (SSNA).	39,531	36,500
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 favourable outcome based on legal precedents which support its stand.	1,028	1,028
c) Other claims against the Company not acknowledged as debt	5,983	6,148
d) Disputed demands of Income-tax	40,538	38,892

(i) 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 years 2005-06 and 2006-07 ₹ 4,570 (As at March 31, 2022 - ₹ 4,570), the Company has received favourable order from Income-tax Appellate Tribunal (ITAT) and the Department has preferred an appeal before the Honourable High Court of Mumbai.

For financial years 2010-11 & 2019-20 ₹ 2,572 (As at March 31, 2022 ₹ 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).

(ii) Disallowance of Inter-Company Service Charges

The Company charges Sonata Information Technology Limited (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 raised and the forum where these are pending are:

- i. ₹ 4,402 (As at March 31, 2022 - ₹ 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, 2022 - ₹ 522) 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 has admitted the appeal.
- iii. ₹ 4,756 (As at March 31, 2022- ₹ 3,407) for financial years 2014-15, 2015-16, 2016-17 and 2019-20. 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).

(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 the Honorable 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, 2022 - ₹ 23,644) of tax demand for the financial year 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 before the Honorable High Court of Mumbai.
 - ii. ₹ 72 (As at March 31, 2022 - ₹ 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.

26 Commitments

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for	577	67

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

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	164	40
(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.

28 Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2023 and March 31, 2022 is as follows:

₹ in Lakhs

	Note	Carrying value		Fair value	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Financial assets					
Amortised cost					
Security deposits	6.2 & 9.5	2,173	2,100	2,173	2,100
Trade receivable	9.2	123,622	92,195	123,622	92,195
Cash and cash equivalents	9.3	41,740	73,369	41,740	73,369
Other balances with banks	9.4	31,286	3,594	31,286	3,594
Other financial assets	6.2 & 9.5	3,100	3,824	3,100	3,824
FVTPL					
Investment in mutual fund	9.1	20,518	14,476	20,518	14,476
Investment in equity instruments (quoted)	6.1	8	8	8	8
Investment in PSU bonds	6.1 & 9.1	217	241	217	241
Forward contracts	9.5	59	373	59	373
FVTOCI					
Investment in equity instruments (unquoted)	6.1	1,233	1,136	1,233	1,136
Forward contracts	9.5	266	2,821	266	2,821
Total assets		224,222	194,137	224,222	194,137

	Note	Carrying value		Fair value	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Financial liabilities					
Amortised cost					
Borrowings	13.1 & 14.1	49,358	3,800	49,358	3,800
Trade payables	14.3	129,487	105,473	129,487	105,473
Lease liabilities	13.2 & 14.2	9,692	12,141	9,692	12,141
Other financial liabilities	13.3 & 14.4	3,204	488	3,204	488
FVTPL					
Payable for acquisition of subsidiary	13.3 & 14.4	83,576	7,427	83,576	7,427
Forward contracts	14.4	402	50	402	50
FVTOCI					
Forward contracts	14.4	1,037	51	1,037	51
Total liabilities		276,756	129,430	276,756	129,430

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, 2023, 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, 2023 and March 31, 2022.

Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities are as under:

₹ in Lakhs

	Fair value as at		Fair value hierarchy
	As at March 31, 2023	As at March 31, 2022	
Investment in equity instruments - Principal Share Group (quoted)	8	8	Level 1
Investment in Mutual funds (quoted)	20,518	14,476	Level 1
Investments in PSU bonds	217	241	Level 1
Foreign currency forward contracts	325	3,194	Level 2
Foreign currency forward contracts (liabilities)	1,439	101	Level 2
Investment in equity instruments - Retail 10X, Inc.	698	644	Level 3
Investment in equity instruments - Semicab Inc.	288	265	Level 3
Investment in equity instruments - Treeni Sustainability Solutions Inc.	247	227	Level 3
Other financial liabilities	83,576	7,427	Level 3
There have been no transfers among Level 1 and Level 2 during the year.			

i) Reconciliation of fair value measurement of investment in equity instrument classified as FVTOCI (Level 3):

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Opening balance	1,136	1,092
Remeasurement recognised in OCI	97	44
Purchases	-	-
Closing balance	1,233	1,136

ii) **Reconciliation of fair value measurement of payables for acquisition of subsidiary classified as FVTPL (Level 3):**

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Opening balance	7,427	3,018
Additions during the year	77,061	6777
Fair value measurement recognised in consolidated statement of profit and loss	397	196
Remeasurement recognised in consolidated statement of profit and loss	-	-
Translation adjustments	742	85
Payout / reversals during the year	(2,051)	(2,649)
Closing balance	83,576	7,427

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 12

The following table presents the aggregate contracted principal amounts of the Group's derivative contracts outstanding:

Amount in Lakhs

	As at March 31, 2023	As at March 31, 2022
Designated derivative instruments (Sell):		
In USD	958	1,400
in GBP	363	198
in EUR	33	35
in AUD	38	35

The foreign exchange forward contracts mature anywhere between 0-2.5 year. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

Amount in Lakhs

	As at March 31, 2023	As at March 31, 2022
Designated derivative instruments (Sell):		
Less than 3 months		
In USD	348	326
in GBP	6	28
in EUR	2	8
In AUD	1	-

Amount in Lakhs

	As at March 31, 2023	As at March 31, 2022
More than 3 months		
In USD	610	1,074
in GBP	357	170
in EUR	31	27
in AUD	37	35

Average rate of coverage	As at March 31, 2023		As at March 31, 2022	
	Amount in Lakhs	Weighted Average Rate (₹)	Amount in Lakhs	Weighted Average Rate (₹)
USD	958	82.95	1,400	79.63
GBP	363	102.93	198	103.40
EUR	33	91.46	35	90.06
AUD	38	57.77	35	57.76

29 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, 2023	March 31, 2022
Revenue from top customer	85,248	82,206
Revenue from top 5 customers	251,832	224,472

One customer accounted for more than 10% of the revenue for the year ended March 31, 2023 and none of the customers accounted for more than 10% of the receivables for the year ended March 31, 2023. 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

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 liquidity position of the Group is given below:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents	41,740	73,369
Other balances with banks	31,286	3,594
Investments in mutual funds (quoted)	20,518	14,476
Trade receivables	123,622	92,195
Other financial assets	1,406	5,323
Other current assets	17,459	5,184

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023 and March 31, 2022 :

₹ in Lakhs

	As at March 31, 2023		
	Less than 1 year	1-2 years	2 years & above
Borrowings	18,852	14,688	15,818
Trade payables	129,487	-	-
Other financial liabilities	42,218	44,964	-
Lease liabilities	2,941	2,322	4,429

	As at March 31, 2022		
	Less than 1 year	1-2 years	2 years & above
Borrowings	3,800	-	-
Trade payables	104,874	412	187
Other financial liabilities	920	-	7,045
Lease liabilities	2,968	2,417	6,756

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 ₹ 295 lakhs increase and decrease in the Group's net profit as at March 31, 2023;
- an approximately ₹ 284 lakhs increase and decrease in the Group's net profit as at March 31, 2022;

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2023 and March 31, 2022.

Exposure currency	USD	GBP	EUR	Other Currencies*
As at March 31, 2023				
Assets				
Trade receivables	55,046	3,262	2,210	4,874
Cash and cash equivalents	10,179	681	714	1,916
Other assets	6,063	3,647	435	476
Liabilities				
Trade payables	(13,668)	(1,242)	(242)	(2,748)
Other non-current liabilities	(3,069)	(415)	-	-
Net assets/liabilities	54,551	5,933	3,117	4,518

₹ in Lakhs

Exposure currency	USD	GBP	EUR	Other Currencies*
As at March 31, 2022				
Assets				
Trade receivables	33,408	2,899	1,973	4,787
Cash and cash equivalents	5,415	1,496	1,219	893
Other assets	3,092	1,235	-	103
Liabilities				
Trade payables	(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

*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, 2023, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.09 %/ (0.09)%. For the year ended March 31, 2022, the impact on operating margins would be 0.06%/ (0.06)%.

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.

30 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, 2023	As at March 31, 2022
Total equity attributable to the equity share holders of the Company	130,065	109,921
As percentage of total capital	72%	97%
Current borrowings	18,852	3,800
Non-current borrowings	30,506	-
Total borrowings	49,358	3,800
As a percentage of total capital	28%	3%
Total capital (borrowings and equity)	179,423	113,721

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.

31 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 Group.

During the year ended March 31, 2022 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 ₹ 1,647 lakhs (for the year ended March 31, 2022 ₹ 1,600 lakhs) has been charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefit expense).

- b) During the year the Group has recognised the following amounts in the consolidated statement of profit and loss towards Employers contribution to:

₹ in Lakhs

	Year ended March 31, 2023	Year ended March 31, 2022
Employee's State Insurance (as part of Staff welfare expenses in Note 21 Employee benefits expense)	1	2
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense)	1,910	1,509
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense)	103	66
National Insurance Contribution (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense)	314	289

ii) Defined benefit plans - Gratuity

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

	As at March 31, 2023	As at March 31, 2022
Discount rate(s)	6.73%	6.73%
Expected rate(s) of salary increase	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality 2012-14	Indian Assured Lives Mortality 2012-14

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

	Year ended March 31, 2023	Year ended March 31, 2022
₹ in Lakhs		
Service cost:		
Current Service Cost	731	640
Net Interest Expense	40	56
Components of defined benefit costs recognised in profit or loss	771	696
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	325	(137)
Actuarial (gains) / losses arising from changes in financial assumptions	(324)	(192)
Actuarial (gains) / losses arising from changes in demographic assumptions	-	1,240
Actuarial (gains) / losses arising from experience adjustments	658	200
Components of defined benefit costs recognised in other comprehensive income	660	1,111

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.

	As at March 31, 2023	As at March 31, 2022
₹ 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	(7,966)	(7,158)
Fair value of plan assets	7,238	6,555
Net (liability) / Assets arising from defined benefit obligation	(728)	(603)
Movements in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	7,158	5,701
Defined benefit obligation of acquired company	-	81
Current service cost	731	640
Interest cost	481	357

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Remeasurement (gains)/losses:		
Actuarial (gains) / losses arising from changes in financial assumptions	(324)	(192)
Actuarial (gains) / losses arising from experience adjustments	658	1,442
Actuarial (gains) / losses arising from Demographic adjustments	-	(1)
Benefits paid	(738)	(870)
Closing defined benefit obligation	7,966	7,158
Movements in the fair value of the plan assets are as follows.		
Opening fair value of plan assets	6,555	4,816
Interest income	441	302
Return on plan assets (excluding amounts included in net interest expense)	(325)	137
Contributions from the employer	1,299	2,160
Benefits paid	(732)	(860)
Closing fair value of plan assets	7,238	6,555

The major categories of plan assets as a percentage of total plan:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	18.00%	28.05%
Defensive Fund	41.00%	31.25%
Balanced Fund	40.95%	40.65%
Stable Fund	0.05%	0.05%

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

Average rate of coverage	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	448	409	425	385
Future salary growth (1% movement)	459	418	431	390

The Group expects to contribute ₹ 1,567 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, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligation	7,965	7,158	5,701	4,449	3,446
Fair value of plan assets	7,238	6,555	4,815	3,670	3,424
Surplus / (deficit)	(728)	(603)	(886)	(779)	(22)
Experience adjustments on plan liabilities - (gain)/losses	658	1,442	324	46	75
Experience adjustments on plan assets - (losses)/gain	(325)	137	681	(310)	28

Maturity profile of defined benefit obligation:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Within 1 year	1,226	781
1-2 years	802	1,016
2-3 years	860	719
3-4 years	838	794
4-5 years	920	677
5 years and Above	8,552	7,446

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.

32 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 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	Vesting date	Exercise price (₹)	Fair value of the stock options at grant date
53,332	May 29, 2017	May 29, 2022	149.65	43.49 - 55.86
66,000	May 31, 2019	May 30, 2024	354.50	115.54-137.75
79,998	May 29, 2020	May 28, 2025	206.50	54.22 - 62.63
533,332	April 8, 2022	April 7, 2026	589.09	181.94 - 222.44
53,332	April 29, 2022	April 28, 2026	562.25	169.94 - 208.21
106,664	May 2, 2022	May 1, 2026	564.09	164.28 - 202-29
53,332	May 19, 2022	May 18, 2026	501.31	156.41 - 189.47
40,000	May 25, 2022	May 24, 2026	494.14	143.81 - 175.85

ii) Fair value of share options outstanding at the year end

Options are priced using Black - Scholes pricing model.

Inputs into the model

Particulars								
Grant date	May 29, 2017	May 31, 2019	May 29, 2020	Apr 8, 2022	Apr 29, 2022	May 2, 2022	May 19, 2022	May 25, 2022
Grant date share price (₹)	142.17	356.70	202.90	599.96	564.08	556.76	504.41	482.85
Exercise price (₹)	149.65	354.50	501.31	589.09	562.25	564.09	501.31	494.14
Expected volatility (%)	36.47 - 40.61	53-26	40.00	40.00	40.00	40.00	40	40
Option life (in years)	5	5	5	5	5	5	5.00	5.00
Dividend yield (%)	-	2.50	2.50	2.00	2.00	2.00	2.00	2.00
Risk-free interest rate (%)	6.66 - 6.79	6.71 - 7.03	4.76-5.26	6.00 - 6.67	6.32 - 6.89	6.29 - 6.85	7.03 - 7.28	6.88 - 7.13

iii) Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2022-2023		2021-2022	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Balance at beginning of year	253,330	198.48	269,330	202.49
Granted during the year	786,660	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	144,664	168.19	16,000	265.88
Expired during the year	74,000	-	-	-
Balance at end of year	821,326	543.88	253,330	198.48
Exercisable at the end of the year	-	-	132,000	181.37

iv) Stock options exercised during the year

The following share options were exercised during the financial year 2022-23:

Granted on	Number Exercised	Exercised Date	Share price at exercise date
May 31, 2019	6,000	June 1, 2022	675.15
May 29, 2017	40,000	September 30, 2022	515.60
May 29, 2017	13,332	December 27, 2022	572.95
May 29, 2020	26,666	December 27, 2022	572.95
May 31, 2019	30,000	November 9, 2022	529.15
May 29, 2020	26,666	March 29, 2023	751.65

The following share options were exercised during FY 2021-22:

Granted on	Number exercised	Exercised date	Share price at exercise date
May 31, 2019	12,000	Feb 2, 2022	854.60

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 ₹ 543.88 (as at March 31, 2022 ₹ 198.48)

During the year, the amount recognised as expense for employee Stock Options is ₹ 746 Lakhs (for the year ended March 31, 2022 is ₹ 34 Lakhs). Reversal of ESOP expenditure is ₹ 67 lakhs (for the year ended March 31, 2022 is Nil)

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 exception to few employees during the previous 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, 2023
	As per plan 4 (2018)
Outstanding units as at the beginning of the year	60,000
Number of units granted under letter of intent during the year	-
Exercised units	30,000
Lapsed units	20,000
Forfeited units	-
Cancelled units	-
Outstanding units as at the end of the year *	10,000
Contractual life (in years)	3
Date of grant	October 30, 2019

	For the year ended March 31, 2023
	As per plan 4 (2018)
Grant price per unit (₹)	317.40
Number of units exercisable at the end of the year*	-
Weighted average remaining contractual life (in years)	-
Weighted average exercise price (₹)	168.04
Weighted average exercise price for options exercisable at the end of the year (₹)*	649.58

* The Group 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, 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	2	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 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

	For the year ended March 31, 2023
	As per plan 4 (2018)
Grant date	October 30, 2019
Exercise price (₹)	224.00
Dividend yield (%)	2.50%
Expected life (in years)	3
Risk free interest rate (%)	3.86%-5.18%
Volatility (%)	40%

	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 30, 2020	January 1, 2021
Exercise price (₹)	149.65-187.72	315.30-395.52	200.00	354.5-444.68	317.4-398.15	224.00	155-217.76	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	3
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%

33 Consolidation of Employee Welfare Trust

IndAS110–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 Related party disclosure

i) Details of related parties :

Description of relationship	Names of related parties
a) Post-employment benefit plan (Refer Note 31)	Sonata Software Limited Gratuity Fund
	Sonata Software Officers' Superannuation Fund
	Sonata Software Provident Fund Trust (Until April 2021)
(b) Key Management Personnel (KMP)	Mr. Samir Dhir, Managing Director & Chief Executive Officer (w.e.f. Feb 14, 2023)
	Mr. P Srikar Reddy, Executive Vice Chairman and Whole time Director (w.e.f. Feb 14, 2023)
	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

Description of relationship	Names of related parties
	Mr. Sanjay K Asher, Independent Director
	Mr. Jagannathan Chakravarthi, Chief Financial Officer
	Ms. Mangal Krishnarao Kulkarni, Company Secretary

ii) Transactions with related parties :

₹ in Lakhs

Particulars	KMP	
	March 31, 2023	March 31, 2022
Compensation of key management personnel of the Company		
Short-term employee benefits*	2,445	1,120
Other long-term employee benefits	636	-
Share-based payment transactions	969	12
Others	720	464
Total compensation paid to key management personnel	4,770	1,596
Balances outstanding at the end of the year		
Payable to key management personnel of the Company		
Short-term employee benefits*	590	406
Other long-term employee benefits	636	-
Share-based payment transactions	542	64
Others	703	450

* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

35 Segment reporting

The CEO & 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 (Other than India). 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, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue								
Segment revenue	485,766	352,234	260,087	203,838	-	-	745,853	556,072
Inter segment revenue							(941)	(735)
Revenue from operations							744,912	555,337
Segment result								
Profit before tax and interest	21,148	14,113	34,988	28,981	5,446	8,747	61,582	51,841
Finance costs							1,854	1,805
Profit before tax							59,728	50,036
Tax expense							(14,538)	(12,393)
Profit after tax							45,190	37,643
Segment assets	115,386	106,325	283,874	99,557	36,428	50,043	435,688	255,925
Segment liabilities	114,373	91,814	174,967	44,563	16,283	9,627	305,623	146,004

Secondary disclosure

Business segment

₹ in Lakhs

	Products		Services		Unallocable		Consolidated	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue	571,155	422,393	173,757	132,944	-	-	744,912	555,337
Assets	115,386	106,325	283,874	99,557	36,428	50,043	435,688	255,925
Capital expenditure	107	29	4,047	842	-	-	4,154	871

36 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, 2023

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	29.31%	38,127	18.63%	8,417	51.63%	(1,298)	16.68%	7,119
Subsidiaries :								
Indian								
Sonata Information Technology Limited	19.99%	26,000	31.98%	14,451	74.08%	(1,862)	29.50%	12,589
Sonata Software Solutions Limited	5.63%	7,320	19.28%	8,711	0.47%	(12)	20.38%	8,699
Encore IT Services Solution Private Limited	0.72%	935	1.34%	607	1.12%	(28)	1.36%	579
Foreign								
Sonata Software North America Inc	19.91%	25,901	13.93%	6,294	-28.48%	716	113.74%	7,010
Interactive Business Information Systems Inc. ³	0.02%	30	-0.16%	(72)	-0.02%	0	3.28%	(71)
Sopris Systems LLC	-1.39%	(1,805)	-1.02%	(459)	-0.04%	1	-0.26%	(458)
Sonata Software FZ LLC (Dubai) ⁴	-0.65%	(840)	1.08%	489	-0.02%	0	0.84%	490
Sonata Software Qatar	-0.71%	(919)	1.35%	609	-0.02%	1	1.09%	609
Sonata Software GmbH	0.13%	164	-0.40%	(183)	-0.00%	0	-0.45%	(183)
Sonata Europe Limited	9.11%	11,843	2.42%	1,095	0.93%	(24)	34.54%	1,071
GAPbuster Limited	0.09%	117	0.26%	119	-0.01%	0	-1.07%	119
Sonata Australia Pty Ltd	3.37%	4,379	2.67%	1,205	-0.00%	0	4.31%	1,205
Encore Software Services Inc.	3.84%	4,997	6.66%	3,009	0.10%	(2)	25.11%	3,007
Sonata Software Intercontinental Ltd	0.72%	939	0.73%	329	0.00%	(0)	1.94%	329
Sonata Software Canada Ltd	0.07%	95	-0.04%	(17)	0.00%	(0)	-0.26%	(17)
Sonata Latin America S. DE R.L. DE C.V. ¹	-0.04%	(56)	0.01%	4	-0.00%	0	-0.13%	4
Quant Systems Inc. ²	9.87%	12,837	1.29%	581	0.24%	(6)	2.19%	575
Total	100%	130,065	100%	45,190	100%	(2,514)	100%	42,676

¹ Sonata Latin America S. DE R.L. DE C.V. has been incorporated in Ireland with effect from May 05, 2022.

² Sonata Software North America Inc., (SSNA) has acquired 100% stake in Quant Systems Inc. a Texas based company on March 10, 2023.

³ Interactive Business Information Systems Inc., in the US has been merged with Sonata Software North America, Inc., wholly-owned subsidiary of Sonata Software Limited on December 13, 2022.

⁴ Sonata Software FZ LLC has been liquidated w.e.f March 30, 2023.

b) 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 ²	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 ¹	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. ³	9.95%	10,941	2.63%	989	85.25%	341	3.50%	1,331
Sonata Software Intercontinental Limited ⁴	0.02%	17	0.41%	155	-	-	0.40%	154
Sonata Software Canada Limited ⁵	0.00%	(3)	-0.01%	(3)	-	-	-0.01%	(3)
Total	100%	109,920	100%	37,643	100%	400	100%	38,043

¹ formerly known as "Scalable Data Systems Pty Ltd".

² Sonata Software Limited (SSL) has acquired 100% stake in Encore IT Services Solutions Private Limited, a Chennai based Company on August 1, 2021.

³ Sonata Software North America Inc., (SSNA) has acquired 100% stake in Encore Software Services, Inc. a California based company on August 1, 2021.

⁴ Software Intercontinental Limited has been incorporated in Ireland with effect from September 08, 2021.

⁵ Sonata Software Canada Limited has been incorporated in Canada with effect from December 03, 2021.

37 Leases

The aggregate depreciation expense of ₹ 2,458 lakhs on ROU assets is included under depreciation and amortization expense in the consolidated 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, 2022	203	10,357	10,560
Additions	-	1,511	1,511
Deletion	-	(1,382)	(1,382)
Depreciation	(13)	(2,445)	(2,458)
Translation difference	-	50	50
Balance as at March 31, 2023	190	8,091	8,281
	Category of ROU Asset		
	Land	Buildings	Total
Balance as at April 1, 2021	216	8,275	8,491
Additions	-	4,570	4,570
Deletion	-	(165)	(165)
Depreciation	(13)	(2,341)	(2,354)
Translation difference	-	18	18
Balance as at March 31, 2022	203	10,357	10,560

The following is the movement in lease liabilities during the year:

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	12,141	9,528
Additions	1,511	4,570
Finance cost accrued during the year	1,120	1,252
Deletions	(1,849)	(165)
Payment of lease liabilities	(3,258)	(3,063)
Translation difference	27	19
Balance at the end of the year	9,692	12,141

Rental expense recorded for short-term leases was ₹ 720 (March 31, 2022 ₹ 637 lakhs) for the year ended March 31, 2023.

The following is the break-up of lease liabilities based on their maturities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	2,941	2,968
Non-current lease liabilities	6,751	9,173
Total	9,692	12,141

Contractual maturities of lease liabilities.

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Not later than one year	3,088	3,116
Later than one year and not later than 5 years	6,106	8,408
Later than 5 years	4,378	6,214
Total	13,572	17,738

38 Business Combinations

Quant Systems Inc.

Sonata Software North America Inc., has acquired 100% stake in the Quant systems inc., (Quant) a Texas based IT service corporation on March 10, 2023 for a purchase consideration of USD 159 Million (₹ 130,348 Lakhs) (net of working capital) including cash consideration of USD 70.7 Mn (₹ 57,960 Lakhs) and USD 88.3 Million (₹ 72,388 Lakhs) of contingent consideration payable over 2 years.

Quant system Inc. is engaged in the deployment of software solutions and IT applications. Quant offers advisory, managed services, and managed hosting solutions; and systems integration services. Its managed services include Analytic-as-a-Service, Testing-as-a-Service, data factory, requirements factory, robotics process automation, loyalty programs, etc.; and managed hosting services comprising monitoring and management of off-premises infrastructure.

Quant provides services across enterprise data portfolio, cloud and infrastructure, digital transformation, enterprise QA etc. It serves verticals, such as banking, capital markets, insurance, retail, airlines, telecom, and e-Governance worldwide.

The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the probabilities assigned towards achievement of financial targets and discount rate of 6%. The undiscounted value of contingent consideration as of March 31, 2023 was ₹ 78,619 lakhs.

Fair value of trade receivables acquired, is ₹ 6,495 lakhs as of acquisition date and the amounts are collectable.

Transaction costs that the Group incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred. The transaction costs of ₹ 1,267 lakhs related to the acquisition have been recognized in the consolidated statement of profit and loss for the year ended March 31, 2023.

The purchase price has been allocated based on management's estimates and independent appraisal of fair value as follows:

₹ in Lakhs

	Purchase price allocation
Net assets taken over*	12,084
Intangible assets:	
Customer relationships	38,039
Customer contracts	5,853
Total intangible assets	43,892
Goodwill	86,223
Deferred tax liabilities on intangible assets	(11,851)
Total purchase consideration	130,348

*Include cash and cash equivalents of ₹ 8,772 lakhs

Net Assets comprises of:

₹ in Lakhs

Non cash working capital	857
Property, plant and equipment	259
Other receivables	2,530
Investments	670
Cash and cash equivalents	8,759
Other financial liabilities	(176)
Deferred tax liabilities	(815)
Net assets taken over	12,084

Goodwill comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

Goodwill is not tax deductible.

The fair value of each major class of consideration as at the acquisition date is as follows:-

₹ in Lakhs

Nature of Consideration	Amount
Quant Systems Inc. USA:	
Upfront payment	57,960
Deferred payment	72,388
Total purchase consideration	130,348

Encore

Sonata Software North America INC, a wholly-owned subsidiary of Sonata Software Limited has acquired 100% stake in Encore Software Services, 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 IT Services Solution 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 allocation
Net assets taken over*	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 consideration	12,008

Amount paid to	
Encore Software Services, Inc. USA	11,115
Encore IT Services Solution Private Limited	893
Total	12,008

*Include cash and cash equivalents of ₹ 3,801 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:-

₹ in Lakhs

Nature of consideration	Amount
Encore Software Services, Inc. USA:	
Upfront payment	4,338
Deferred payment	6,777
Total purchase consideration	11,115
Cash paid to Encore IT Services Solution Private Limited	893
Total purchase consideration	12,008

39 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.

- Gross amount required to be spent by the Group during the year is ₹ 669 lakhs (Previous year is ₹ 578 lakhs)
- Amount spent during the year is ₹ 720 lakhs (Previous year is ₹ 588 lakhs)

₹ in Lakhs

Particulars	In cash	Yet to be paid in cash	Total
Construction / acquisition of any asset	-	-	-
On purposes other than above	720	-	720
Total	720	-	720

- Amount unspent is Nil (Previous year is Nil)

40 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

Average rate of coverage	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of equity shares outstanding during the period*	140,212,408	140,212,408	140,212,408	140,212,408

Average rate of coverage	For the year ended March 31, 2023		For the year ended March 31, 2022	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Weighted average number of Potential equity shares exercised by Sonata Software Limited Employee Welfare Trust	(1,507,502)	(1,507,502)	(1,652,166)	(1,652,166)
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	-	-	73,454
Weighted average number of equity shares for calculation of earning per share	138,704,906	138,704,906	138,560,242	138,633,696

* Includes issue of 34,642,061 bonus shares during the current year.

41 Distributions made and proposed :

The Board of Directors at their meeting held on October 18, 2022 had declared an interim dividend of 700% (₹ 7 per equity share of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on May 13, 2023 have recommended a final dividend of 875% (₹ 8.75 per equity share of par value ₹ 1 each), which is subject to approval of shareholders.

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 had recommended a final dividend of 1,300 % (₹ 13 per equity share of par value ₹ 1 each), which was approved by shareholders.

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

43 No funds have been advanced or loaned or invested from borrowed funds by the Company or any of its subsidiaries 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.

As per our report of even date attached

For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)

Date : May 13, 2023
Place : Bengaluru

For and on behalf of the Board of Directors of Sonata Software Limited

Pradip P Shah
Chairman

Jagannathan Chakravarthi
Chief Financial Officer

Mangal Krishnarao Kulkarni
Company Secretary

Samir Dhir
Managing Director & CEO

R Sathyanarayana
VP - Finance & Accounts

BOARD'S REPORT

SONATA INFORMATION TECHNOLOGY LIMITED (THE 'COMPANY')

Dear Members,

Your Directors have pleasure in presenting before you the Twenty Third Annual Report of your Company together with the Audited Financial Statements for the Financial Year ended March 31, 2023.

FINANCIAL RESULTS

₹ in Lakhs

Description	Financial Year ended 31.03.2023	Financial Year ended 31.03.2022
Total Income	558,208	408,344
Total Expenditure	538,524	394,098
EBITDA	19,684	14,246
Depreciation and Amortization Expense	181	197
Finance Cost	611	369
Profit before Tax & Exceptional Items	18,892	13,680
Provision for Tax (Net)	4,768	3,499
Profit after Tax	14,124	10,181
Earnings in ₹ per share	417.87	301.21

BUSINESS PERFORMANCE

Your Company has posted encouraging results for the Financial Year ended on March 31, 2023.

Your Company has reported a revenue of ₹ 558,208 Lakhs in the Financial Year under review with a growth of 38 % in EBITDA. Turnover has gone up by 36%. However, the focus in this business has always been to manage Return on Capital Employed, which was 47% for the financial year as compared to 36% for the previous financial year.

Your Company Continues to focus on the Cloud Infrastructure from major vendors Like Microsoft, AWS, Google and Oracle and help the customers in their Digital Transformation Journey. We focus on the Multi cloud Management and setting up Hybrid infrastructure for our clients and provide our managed services offering to most of our clients. We are providing security solutions to our customers and in specific cloud security offering to all our cloud customers. Our SI practice has seen some good win during the financial year. In the current year, we continue to focus on the Multi Cloud Consulting & Management, System Integration, and Cloud Security offerings to Indian customers.

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 customers 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 ₹ 296.26/- per equity share (amounting to ₹ 100 Crores) on par value of ₹ 10/- each (i.e., 2962.6 %) for the financial year ended March 31, 2023, subject to the approval of the shareholders at the forthcoming Annual General Meeting of the Company, shall be subject to deduction of income tax at source. which along with the First Interim Dividend of ₹ 103.69/- per equity share and Second Interim Dividend of ₹ 97.76/- per equity share adds up to a total dividend of ₹ 497.71/- per equity share for Financial Year 2022-23.

Your Company has not transferred any amounts to reserve for the Financial Year ended March 31, 2023.

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 28th April 2022, 23rd July 2022, 17th October 2022 and 23rd January 2023. The maximum interval between any two meetings did not exceed 120 days, as prescribed by the Companies Act, 2013.

BOARD OF DIRECTORS AND OTHER MANAGERIAL PERSONNEL

Mr. Sujit Mohanty (DIN: 00001404) Managing Director & CEO, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting ("AGM"). Brief profile of Mr. Sujit Mohanty is given in the notes to the Notice of the ensuing AGM. The Board has recommended his re-appointment by the members at the ensuing AGM. The Board has recommended his re-appointment by the Members at the ensuing AGM.

At the previous (22nd) AGM, Mr. Sujit Mohanty (DIN: 00001404) was appointed 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 of Directors at their meeting held on 28th April 2022.

The Board of Directors at their meeting held on 3rd May 2023, has appointed Mr. Samir Dhir, (DIN: 03021413) as an Additional Director (Non-Executive & Non-Independent Director) of the Company, liable to retire by rotation, to hold office with effect from 3rd May 2023, subject to the approval of members at the ensuing AGM of your Company. The notice convening the meeting sets out the details of his appointment.

INDEPENDENT DIRECTOR

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 met 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, Mr. Sujit Mohanty and Mr. Samir Dhir (w.e.f 3rd May 2023) as its members. During the year under review, the Committee met 4 (Four) times. The Committee Meetings were held on 28th April 2022, 23rd July 2022, 17th October 2022 and 23rd January 2023 and recommendations made by the Audit Committee, during the Financial Year under review, have been accepted by the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee comprises of Ms. Radhika Rajan, Chairperson, Mr. P Srikar Reddy, Mr. Sujit Mohanty and Mr. Samir Dhir (w.e.f 3rd May 2023) as its members. The Committee met 4 (four) times during the year under review. i.e., on 28th April 2022, 23rd July 2022, 17th October 2022 and 23rd January 2023. 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, reservations or adverse remarks in the Statutory Auditor's Report and Secretarial Audit Report for the year under review.

STATUTORY AUDITORS

M/s B S R & Co. LLP, Chartered Accountants, Bengaluru, (Firm Registration No. 101248W/W100022) were appointed as Statutory Auditors of the Company from the conclusion of Twenty Second (22nd) AGM till conclusion of Twenty Seventh (27th) AGM of the Company, as required under Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended.

For the year under review, the statutory auditors have confirmed that they satisfy the independence criteria required under the Companies Act, 2013 and the Code of Ethics issued by the Institute of Chartered Accountants of India.

The Auditors' Report contains 'Unmodified Opinion' on the financial statements of the Company, for the year ended March 31, 2023 and there are no qualifications, reservations or adverse remarks in their report.



SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, The Board had appointed Mr. Parameshwar G Hegde, Practicing Company Secretary as the Secretarial Auditor for the Financial Year 2022-23 at the Board Meeting held on 17th October 2022 to conduct Secretarial Audit of your Company. The Secretarial Audit Report in Form MR-3 for the financial year ended March 31, 2023 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.

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 Standard-1 on meetings of the Board of Directors (i.e., SS-1) and Secretarial Standard-2 on General Meetings (i.e., 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, 2023 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

Despite the fact that the Company doesn't run any processes that require a lot of energy, every effort has been made to use energy efficiently, prevent waste, and save resources. The Company kept up with the following energy-saving efforts as a continuous process:

- Renewable energy is used for the electricity requirement of Sonata Global Village offices in Bengaluru. This move is a testament to Company's commitment to reducing the carbon footprint and promoting eco-friendliness.
 - o 42 % of total energy requirement of Sonata is fulfilled by renewable energy.
- Ensure complete removal of dead loads during weekends, including turning off or unplugging heating elements of vending machines, switching off lighting circuits, and cutting off all manually operated loads, among others.
- Making use of the most up-to-date, energy-efficient computers and equipment, which will aid in energy saving.
- The HUIDA bathroom water management system considerably lowers water use when compared to a standard commode flush.

B. TECHNOLOGY ABSORPTION:

During the Financial Year under review, your Company continued its focus and built competencies in areas of new technologies and Modernization especially around Cloud and Data, App Innovation for building Cloud native platforms of the future, 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 ₹ 12,086 Lakhs and Foreign Exchange inflow on account of software services rendered and sales of traded products exports was ₹ 251,992 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.

AWARDS & RECOGNITION

During the year under review, your Company was felicitated with the following key awards and recognitions:

- Nutanix Emerging partner of the Year for West region
- Freshworks Emerging partner of the year Award for Freshworks
- HCL Software Best partner award from HCL
- Best partner award from Microfocus
- GitHub Partner Sales Award (OND'22)

HUMAN RESOURCES MANAGEMENT

Sonata's 'People First' motto is the foundational pillar for customer and business success. In line with this, your company has made significant investments to attract and engage best-in-class talent.

Talent attraction and acquisition:

During FY' 23, your company invested in attracting and recruiting talent. Key leadership talent was hired in line with the strategic objectives of the company which further augmented the leadership talent pipeline. In addition, the sales and other teams were strengthened further with addition of key talent across levels and locations.

Talent engagement:

The year saw a stabilization of the attrition significantly to 16%, in part due to the various engagement programs initiated and sustained through the year. Several corrective actions were taken covering total rewards, recognition and communication sessions with leadership. Employee sentiment was gathered through VoX Sonata – our engagement survey – which helped us gauge our strengths and areas of improvement enabling us to take appropriate actions.



To foster engagement within team, your company has organized regular connect programs and virtual employee engagement activities with Sonatians. Connect sessions/forums were organized with Regional teams across all locations which provided a platform for the teams to interact with leadership and the support teams.

Sonatians work hard and play hard. During the year, many celebrations, and events such as Diwali, Christmas, sporting events such as Cricket etc. were organized which witnessed enthusiastic participation.

In addition, Sonatians also actively engaged and were part of most of the organization-wide wide events such as SPARK (platform for Innopreneurship), Rewards & Recognition / Annual Awards, Learning and Development etc.

Learning and development: Regional Induction

Apart from the other learning and development initiatives including certifications, we strengthened the induction and onboarding for new joiners with a 3-day induction program which received a very positive response.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

Assurance on the effectiveness of internal financial controls is done through management reviews and review by internal auditors and statutory auditors during the course of their audits. The internal financial controls provide reasonable assurance that they are designed effectively with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with company's policies. The Audit Committee reviews the reports submitted by internal auditors, suggestions for improvement are considered and the corrective action are undertaken.

Sonata's management assessed the effectiveness of the company's internal control over financial reporting as of 31st March, 2023, B S R & Co. LLP, the Statutory Auditors have audited the financial statements included in this Annual Report and have issued an attestation report on the Company's Internal Control over financial reporting.

The Audit Committee also meets statutory and internal auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the board of directors informed of its major observations periodically. Based on its evaluation, the audit committee has concluded that, as of 31st March, 2023, the Company's internal financial controls were adequate and operating effectively.

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 2023. The maximum amount outstanding at any point of time during the Financial Year has been ₹ 4,510 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 2023 is as below:

Name of the Party	Amount
IBM India Limited	500
Microsoft Corporation (India) Private Limited	32,868

RISK MANAGEMENT:

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

CORPORATE SOCIAL RESPONSIBILITY ("CSR"):

During the Financial Year, your Company has spent ₹ 204 lakh 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 has supported **MAP (Museum of Art and Photography)** for physical opening of museum. The Grant Funds used especially for the Museum as part of the Physical Infrastructure requirements for the opening of the Museum. Sonata has also committed for social awareness about the MAP for its social reach. Sonata has also engaged with MAP for Building an Ecosystem for Diversity & Inclusion for Women in India through the Visible & Invisible Program.
- Sonata has provided a CSR grant to **Sneha Trust** for their Vidya Unnati – the "After School" program. This program has aimed at providing quality education and learning opportunities to socio-economically vulnerable children. With Sonata's support over the last three years, Sneha Trust with the aim to achieve a pass rate of 85% - 100% in 10th grade exams for all their students.
- Sonata engaged with the **Samatvam trust** and provided the grant that will be used to provide 24 x 7 Medical care, Medical Supplies etc. for underprivileged children and youth with insulin-dependent Type 1 Diabetes. This program helps to provide a grant to support a Matching Grant Program, to act as a crowd funding platform for Samatvam Programs and to support the projects, "Disha" and "DOSTI" on the MILAAP Crowd Sourcing Platform.
- Sonata partners with **Roshni Trust** to support the program which helps underprivileged communities' patients to get treated with the various kinds of mental illness diseases. This program helps to provide free consultation, counselling and free medicines are dispensed to the underprivileged patients.
- Sonata is proud to announce that our CSR initiative has helped 6 underprivileged engineering girls from **SKSVMA College of Engineering** receive scholarships to continue their technical education. This program provides a grant to the trust to support these deserving students. Sonata has been providing the funds for the Scholarships since last three years. 32+ female students have been awarded Sonata scholarship so far to fulfil their studies in Computer Science/ Information Systems and the Electronics & Communication streams.
- Sonata along with **Friends of Moral Re-Armament (FMRA)** worked towards improving Leadership among the Rural communities who hail from economically, socially and politically marginalized backgrounds.



- Sonata has worked towards Preservation of Cultural Heritage with help of **Deccan Heritage Foundation** to preserve heritage by supporting restoration of Rang Mahal Hyderabad and Lecture of Prof Molly Atkins at Rang Mahal Garden at Hyderabad for social engagement to encourage the local tourism.
- Sonata has supported the training of 45 athletes and 15 para-athletes in 8 sports, including Shooting, Badminton, Archery, Cycling, Boxing, Wrestling, Powerlifting, and Athletics for the Paris 2024 Olympics and Paralympics. Sonata is proud to be associated with **OGQ (Olympic Gold Quest)** and their mission to support Indian athletes. The CSR grant is being utilized for domestic and international training, sports science, coaching, equipment, athlete management, and performance monitoring.
- Sonata has provided relief to Orissa flood victims through **Sweet heart Foundation**.
- Sonata has provided the grant fund to **Hyderabad Public School** for Promotion of Science and Technology among young students. The engagement included the Indian Science Festival organized by Hyderabad Public School and sponsored by Sonata which had featured fireside chats, panel discussions, immersive workshops, interactive demos, film screenings, and exhibits, covering a range of scientific topics and panel discussion between speakers from prestigious institutions.
- Sonata is working with **Farmers for Forest** (Efficient Ecosystem Protection Association) for empowering the marginalized farmers by improving their income along with reducing the carbon emissions to environment by planting 6000 trees over 15 acres of unused and degraded land.
- Sonata is collaborating with **Centum Foundation** for promotion of education and enhancement of employment of underprivileged diversified youth in IT sector. Under this engagement, Full Stack Development course will be provided to 500 beneficiaries which includes 300 women, 100 specially abled, 100 rest of under need students, along with placement assistance.

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, Chairperson 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.

The outcome of the Board Evaluation for the financial year 2022-23 was discussed by the Independent Director/ Board /Committees. The Board noted the actions taken in improving Board effectiveness based on feedback given in the previous year.

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 sexual harassment. No complaints were received under this policy during the Financial Year 2022-23. Regular trainings and workshops on gender-sensitization and awareness about the POSH Act are conducted for all employees, new joiners, SMT, women employees and the members of the Internal Committee.

The Company affirms that no employee has been denied access to the Audit Committee during the Financial Year 2022-23.

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 and shareholders 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) of the Act 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.

OTHER DISCLOSURES

- a) Your Company has not issued shares with differential voting rights and sweat equity shares during the year under review.
- b) There are no proceedings initiated/pending against your Company under the Insolvency and Bankruptcy Code, 2016 which materially impact the business of the Company.
- c) There were no instances where your Company required the valuation for one time settlement or while taking the loan from the Banks or Financial institution.

ACKNOWLEDGEMENTS

Your Directors take this opportunity and 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 look forward to their continued support in the future and all the Sonatians for their valuable contribution and dedicated service. The consistent growth was made possible by their hard work, solidarity, cooperation and support.

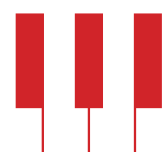
FOR AND ON BEHALF OF THE BOARD

Place: Bengaluru

Date: 03rd May, 2023

P SRIKAR REDDY

CHAIRPERSON



Annexure I

FORM No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2023

(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, 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 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, 2023, 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, 2023 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 madethereunder;
 - c) Software Technology Parks of India rules and regulations; (Notapplicable during the audit period)
 - d) The Indian Copyright Act, 1957; (Not applicable during the auditperiod)
 - 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: F001325E000234657

Place: Bengaluru

Date: May 03, 2023

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:F001325E000234657

Place: Bengaluru

Date: May 03, 2023

Annexure – II

1. Brief outline on CSR Policy of the Company.

Sonata, 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	4	4
2	Mr. P. Srikar Reddy	Member	4	4
3	Mr. Sujit Mohanty	Member	4	4
4	Mr. Samir Dhir*	Member	Not applicable	Not applicable

*Appointed as a member of the Committee effective 3rd May 2023

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/2023-05/sitl-committes.pdf>

CSR Policy: <https://www.sonata-software.com/sites/default/files/financial-reports/2022-10/corporate-social-responsibility-policy.pdf>

CSR Projects: <https://www.sonata-software.com/about-us/sustainability>

4. Provide the executive summary along with web-link(s) 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. (a) Average net profit of the company as per section 135(5):. Rs. 10,056 Lakhs
- (b) Two percent of average net profit of the company as per section 135(5): Rs. 201 Lakhs
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years:.
Not Applicable
- (d) Amount required to be set off for the financial year, if any: Not Applicable
- (e) Total CSR obligation for the financial year (5b+5c-5d) : Rs. 201 Lakhs
6. (a) Amount spent on CSR Projects (both ongoing projects and other than Ongoing Project): Rs. 195 Lakhs
- (b) Amount spent in Administrative Overheads: Rs. 9 Lakhs
- (c) Amount spent on Impact Assessment, if applicable: Not Applicable
- (d) Total amount spent for the Financial Year (6a+6b+6c): Rs. 204 Lakhs
- (e) CSR amount spent or unspent for the financial year:



Total Amount Spent for the Financial Year	Amount Unspent				
	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
204	Nil	Nil	Nil	Nil	Nil

(f) Excess amount for set off, if any

Sl. No.	Particular	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	201
(ii)	Total amount spent for the Financial Year	204
(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	NA
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	3

7. Details of Unspent CSR amount for the preceding three financial years: Not Applicable

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Yes No

If Yes, enter the number of Capital assets created/ acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year: Not Applicable

Sl. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity/ Authority/ beneficiary of the registered owner		
(1)	(2)	(3)	(4)	(5)	(6)		
					CSR Registration Number, if applicable	Name	Registered address

(All the fields should be captured as appearing in the revenue record, flat no, house no, Municipal Office/ Municipal Corporation/ Gram panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. 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: 3rd May, 2023

Sd/-

Radhika Rajan

Chairperson of CSR Committee

Place: Bengaluru

Date: 3rd May, 2023

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)

- 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 March 31, 2023, which was not at arm's length basis.
- Details of material contracts or arrangement or transactions at arm's length basis:

₹ in Lakhs

Name of the Related Party	Sonata Software Limited	Sonata Software North America Inc.	Sonata Australia Pty Ltd	Sonata Europe Limited	Sonata Software Intercontinental Limited
Nature of Relationship	Holding Company	Fellow subsidiary			
Nature Of Contracts/ Arrangements/ Transactions :					
Revenue from software product and licenses	12,151	2	-	-	-
Inter- corporate deposit taken	9,410	-	-	-	-
Inter- corporate deposit repaid	9,410	-	-	-	-
Interest on inter- corporate deposit paid	54	-	-	-	-
Rent paid	96	-	-	-	-
Dividend paid	12,509	-	-	-	-
Commission paid on corporate guarantees	331	-			
Reimbursement of expenses received		12	174	527	
Reimbursement of expenses paid	-	1	-	-	6

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

Place: Bengaluru
Date: 3rd May 2023

P SRIKAR REDDY
CHAIRPERSON



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 financial statements of Sonata Information Technology Limited (the "Company") which comprise the balance sheet as at 31 March 2023, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information (or another title if appropriate, such as "Information Other than the Financial Statements and Auditor's Report Thereon")


The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's reports 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 in the 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 and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 with reference to financial statements 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 and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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.

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.



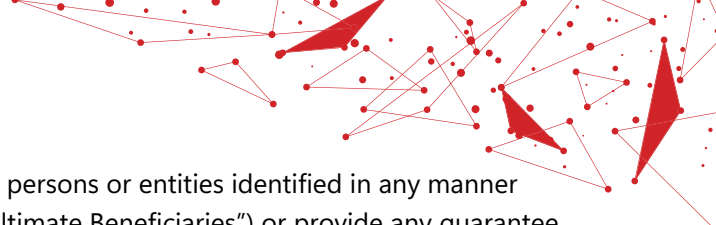
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

- a. The financial statements of the Company for the year ended 31 March 2022 were audited by the predecessor auditor who had expressed an unmodified opinion on 28 April 2022.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. A. As required by Section 143(3) of the Act, 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 statement of changes in equity and the statement of cash flows 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 31 March 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. 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, in our opinion and to the best of our information and according to the explanations given to us:
 - a. The Company has disclosed the impact of pending litigations as at 31 March 2023 on its financial position in its financial statements - Refer Note 22 to the financial statements.
 - b. 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 – Refer Note 24 to the financial statements.
 - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 35 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 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.

(ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 35 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) 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 (i) and (ii) above, contain any material misstatement.

e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act to the extent it applies to payment of dividend.

As stated in Note 31 to the financial statements, 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 declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

f. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Amrit Bhansali

Partner

Place: Bengaluru

Date: 03 May 2023

Membership No.: 065155

ICAI UDIN:23065155BGYPN2745

Annexure A to the Independent Auditor's Report on the Financial Statements of Sonata Information Technology Limited for the year ended 31 March 2023

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
(B) The Company does not hold any intangible assets, reporting under clause 3(i)(b) of the Order is not applicable.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering information technology solutions, software development services and re-selling software and hardware products of various companies. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)(f) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with

- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2023 for a period of more than six months from the date they became payable.

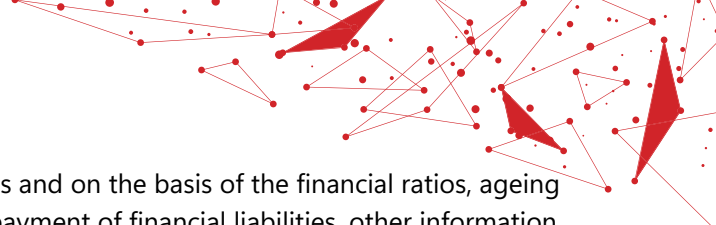
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Income-Tax which have not been deposited on account of any dispute are as follows-

Name of the statute	Nature of the dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where dispute is pending	Remarks, if any
Income Tax Act, 1961*	40 (a)(I) & Service Charges & Deputation Expenses	2,628.77	AY 2015-16, 2016-17, 2017-18, & 2018-19	Commissioner of Income tax (Appeals)	None

* Net of amount paid under protest of Rs. 230.01 lakhs.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.
- (f) According to the information and explanations given to us and procedures performed by us, we report that 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 any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

- 
- (xix) According to the information and explanations given to us and 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, 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 that the 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) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project other than ongoing projects. Accordingly, clause 3(xx)(a) of the Order is not applicable.
- (b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Amrit Bhansali

Partner

Membership No.: 065155

ICAI UDIN:23065155BGYP RN2745

Place: Bengaluru

Date: 03 May 2023



Annexure B to the Independent Auditor's Report on the financial statements of Sonata Information Technology Limited for the year ended 31 March 2023

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Sonata Information Technology Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements 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 "Guidance Note").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.



Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Amrit Bhansali

Partner

Place: Bengaluru

Date: 03 May 2023

Membership No.: 065155

ICAI UDIN:23065155BGYP RN2745



Balance Sheet

₹ in Lakhs

	Note	As at March 31, 2023	As at March 31, 2023
ASSETS			
Non-current assets			
Property, plant and equipment	3	129	56
Right-of-use assets	33	298	418
Financial assets			
Other financial assets	4	2,433	2,028
Deferred tax assets (net)	16	2,736	1,519
Income tax assets (net)	15	6,186	4,620
Other non-current assets	5	224	224
Total non-current assets		12,006	8,865
Current assets			
Inventories	6	2,882	276
Financial assets	7		
Investments	7.1	13,905	6,205
Trade receivables	7.2	81,501	65,631
Cash and cash equivalents	7.3	13,724	37,874
Other balances with banks	7.4	16,854	1,080
Other financial assets	7.5	605	3,047
Other current assets	8	2,902	996
Total current assets		132,373	115,109
Total assets		144,379	123,974
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	9	338	338
Other equity	10	28,988	29,294
Total Equity		29,326	29,632
LIABILITIES			
Non-current liabilities			
Financial liabilities	11		
Lease liabilities	11.1	255	342
Other financial liabilities	11.2	578	-
Total non-current liabilities		833	342
Current liabilities			
Financial liabilities	12		
Borrowings	12.1	2,961	474
Trade payables	12.2	-	-
Total outstanding dues of micro enterprises and small enterprises	23	1	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		106,297	87,547
Lease liabilities	12.3	148	184
Other financial liabilities	12.4	942	332
Other current liabilities	13	3,321	3,995
Provisions	14	80	97
Current tax liabilities (net)	15	470	1,371
Total current liabilities		114,220	94,000
Total equity and liabilities		144,379	123,974

See accompanying notes to the financial statements

As per our report of even date attached

For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)
Bengaluru

Place : Bengaluru
Date : May 03, 2023

For and on behalf of the Board of Directors of Sonata Information Technology Limited

P Srikar Reddy
Chairperson

Sujit Mohanty
Managing Director & CEO

Naresh Kumar Katla
Company Secretary

Statement of Profit and Loss

₹ in Lakhs

	Note No.	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from operations	17.1	554,039	406,693
Other income	17.2	4,169	1,651
Total income		558,208	408,344
EXPENSES			
Purchase of stock-in-trade (traded goods)	18.1	533,645	388,605
Changes in inventories of stock-in-trade	18.2	(2,606)	528
Employee benefits expense	19	5,469	3,850
Finance costs	20	611	369
Depreciation and amortization expense	3.1 & 33	181	197
Other expenses	21	2,016	1,115
Total expenses		539,316	394,664
Profit before tax		18,892	13,680
Tax expense			
Current tax	15	5,336	4,507
Deferred tax	16	(568)	(1,008)
Net tax expense		4,768	3,499
Profit for the year		14,124	10,181
Other comprehensive income			
1. Items that will not be reclassified to profit/(loss)			
(a) Remeasurement of the defined benefit plans		(168)	(137)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		42	35
		(126)	(102)
2. Items that will be reclassified to profit/(loss)			
(a) Fair value changes on derivatives designated as cash flow hedge, net		(2,402)	966
(b) Income tax relating to items that will be reclassified to profit/(loss)		607	(248)
		(1,795)	718
Total		(1,921)	616
Total comprehensive income for the year		12,203	10,797
Earnings per share - (on ₹ 10 per share)			
Basic and Diluted ₹	30	417.87	301.21
Weighted average equity shares used in computing earnings per equity share			
Basic and Diluted (Nos)	30	3,375,394	3,375,394

See accompanying notes to the financial statements

As per our report of even date attached

For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)
Bengaluru

Place : Bengaluru
Date : May 03, 2023

For and on behalf of the Board of Directors of Sonata Information Technology Limited

P Srikar Reddy
Chairperson

Sujit Mohanty
Managing Director & CEO

Naresh Kumar Katla
Company Secretary

Cash flow statement

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	18,892	13,680
Adjustments for :		
Depreciation and amortization expense	181	196
Finance costs	611	296
Bad trade receivables written off	(32)	(211)
Impairment loss/(gain) recognised on trade receivable	(221)	561
Provisions/ liabilities no longer required written back	(143)	(40)
Interest income	(1,353)	(1,500)
Lease payment concessions	-	(4)
Net gain on investments carried at fair value through profit and loss	(798)	(239)
Unrealized foreign exchange (gain) / loss	(1,050)	(45)
Operating profit before working capital changes	16,087	12,694
Changes in operating assets and liabilities:		
Trade receivables and unbilled revenue	(15,556)	(19,296)
Inventories	(2,606)	528
Other financial assets non-current	(405)	34
Other financial assets	23	(19)
Other non-current assets	-	1
Other current assets	(2,072)	164
Trade payables	20,172	37,156
Other non-current financial liabilities	578	-
Other financial liabilities	196	126
Other current liabilities	(678)	(1,998)
Provisions	(17)	30
Net cash flow from operating activities before taxes:	15,722	29,420
Direct taxes/advance tax paid (net)	(7,731)	(5,542)
Net cash flow from / (used in) operating activities (A)	7,991	23,878
B. CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment including capital work-in-progress and capital advances	(107)	(29)
Purchase of investments	(434,398)	(216,952)
Proceeds from sale of investments	427,495	213,023
Investment in bank deposits	(15,774)	(326)
Interest received	1,705	922
Net cash flow from / (used in) investing activities (B)	(21,079)	(3,362)

Cash flow statement

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	13,683	474
Repayment of short-term borrowings	(11,196)	(2,475)
Payment on lease liabilities	(198)	(246)
Payment of dividend	(12,509)	(8,000)
Interest paid	(563)	(220)
Net cash flow from / (used in) financing activities (C)	(10,783)	(10,467)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(23,871)	10,049
Opening cash and cash equivalents	37,874	28,154
Exchange difference on translation of foreign currency Cash and cash equivalents	(279)	(329)
Closing cash and cash equivalents	13,724	37,874
Cash and cash equivalents at the end of the year comprises:		
Balances with banks		
In current accounts	1,511	632
In EEFC accounts	817	105
In Demand Deposit Accounts	11,396	37,137
	13,724	37,874

See accompanying notes to the financial statements

As per our report of even date attached

For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)
Bengaluru

Place : Bengaluru
Date : May 03, 2023

For and on behalf of the Board of Directors of Sonata Information Technology Limited

P Srikar Reddy
Chairperson

Sujit Mohanty
Managing Director & CEO

Naresh Kumar Katla
Company Secretary

STATEMENT OF CHANGES IN EQUITY

(a) Equity share capital

₹ in Lakhs

Balance as at April 1, 2021	338
Add: Shares issued on exercise of employee stock option	-
Balance as at March 31, 2022	338
Balance as at April 1, 2022	338
Add: Shares issued on exercise of employee stock option	-
Balance as at March 31, 2023	338

(b) Other equity

₹ in Lakhs

Particulars	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, 2021	263	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	263	450	27,169	(129)	1,542	29,294
Balance as at April 1, 2022	263	450	27,169	(129)	1,542	29,294
Profit for the year			14,124			14,124
Other comprehensive Income (net of tax)				(126)	(1,795)	(1,921)
Total comprehensive income for the year			14,124	(126)	(1,795)	12,203
Payment of cash dividends			(12,509)			(12,509)
Balance as at March 31, 2023	263	450	28,784	(255)	(253)	28,988

See accompanying notes to the financial statements

As per our report of even date attached

For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)
Bengaluru

Place : Bengaluru

Date : May 03, 2023

For and on behalf of the Board of Directors of Sonata Information Technology Limited

P Srikr Reddy
Chairperson

Sujit Mohanty
Managing Director & CEO

Naresh Kumar Katla
Company Secretary

Notes to the Standalone Financial Statements

For the year ended March 31, 2023

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 have been approved for issue by the Company's Board of Directors on May 03, 2023.

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 financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of 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 values.

c. 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.

All amounts rounded off to the nearest Rs in Lakhs unless otherwise indicated.

d. 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 future periods affected.

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

i) Income taxes

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

ii) Depreciation and amortisation

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

iii) Other estimates

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

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

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Property, plant and equipment

Property, plant and equipment are measured at 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.

b. 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.

c. Inventories

Inventories are measured at the lower of cost and the net realizable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product level. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, and other issues. Revisions to these adjustments would be required if these factors differ from the estimates.

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, and office equipments on the written down method, as per the useful life prescribed in Schedule II of the Companies Act, 2013.

Straight-line method

Asset class	Useful life
Buildings	60 years
Plant and machinery (Hardware)	3 years
Plant and machinery (Others)	15 years
Lease hold land	lease term
Lease hold improvements	lease term

Written down method

Asset class	Percentage
Furniture and fixtures	25.88
Office equipments	45.07

Leasehold improvements are amortized over primary lease term.

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. 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 and book overdraft which 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. Vendor financing arrangement with extended payments terms beyond normal terms agreed with supplier are classified as borrowings.

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 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

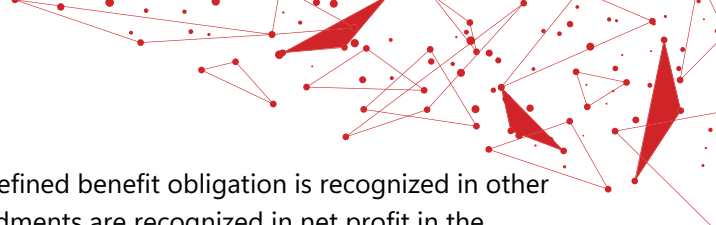
The Company participates in various employee benefit plans. Post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions 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 year 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

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.

Contract asset represent cost and earnings in excess of billings as at the end of the reporting period. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liabilities(Unearned revenues) represent billing in excess of revenue recognized.

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

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.



I. 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 share 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.

2.3 Recent pronouncements

Recent pronouncements Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing



the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements: The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors: The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact on its financial statements.

Ind AS 12 – Income Taxes: The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The company does not expect this amendment to have any significant impact in its financial statements.

Notes to the financial statements

For The Year Ended March 31, 2023

3. Property, Plant and Equipment

₹ in Lakhs

Tangible assets					
Particulars	Leasehold improvements	Plant and equipment	Office equipments	Furniture and fixtures	Total
Cost					
As at April 1, 2021	112	178	32	22	344
Additions	-	29	-	-	29
Disposals	-	-	-	-	-
As at March 31, 2022	112	207	32	22	373
As at April 1, 2022					
As at April 1, 2022	112	207	32	22	373
Additions	-	90	3	14	107
Disposals	-	-	-	-	-
As at March 31, 2023	112	297	35	36	480
Accumulated Depreciation					
As at April 1, 2021	105	136	28	15	284
Depreciation	3	26	1	3	33
Depreciation on disposals	-	-	-	-	-
As at March 31, 2022	108	162	29	18	317
As at April 1, 2022					
As at April 1, 2022	108	162	29	18	317
Depreciation	3	28	1	2	34
Depreciation on disposals	-	-	-	-	-
As at March 31, 2023	111	190	30	20	351
Net carrying value					
As at March 31, 2023	1	107	5	16	129
As at March 31, 2022	4	45	3	4	56

Non-Current

4. Other financial assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Balance held as margin money or security against borrowing	2,342	1,937
Security deposits	91	91
Total	2,433	2,028

5. Other non-current assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Other deposits	3	3
Balances with government authorities	219	219
Receivable from customs authority	2	2
Receivable from GST authority	-	125
Other recoverables	-	125
Less : Allowance for doubtful recoverable	-	-
Total	224	224

Current

6. Inventories

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Stock-in-trade - Hardware/Software products and licenses	2,882	276
Total	2,882	276

7.1 Investments

Investments carried at fair value through profit and loss:

₹ in Lakhs

Investments in mutual funds (quoted)	As at March 2023		As at March 2022	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Aditya Birla Sunlife Liquid Fund - Growth Direct Plan	800,272	2,906	-	-
Aditya Birla Sunlife Overnight Fund - Growth Direct Plan	-	-	91,530	1,052
Axis Overnight Fund Direct Growth	-	-	133,523	1,501
Axis Liquid Fund - Direct Plan - Growth Option	105,254	2,632	-	-
HSBC Cash Fund -Growth Direct	67,075	1,504	-	-
UTI Liquid Fund Direct Growth	32,747	1,208	-	-
SBI Liquid Fund	25,849	911	-	-
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option	18,404	1,014	-	-
Mirae Asset Cash Management Fund - Direct Plan - Growth	59,221	1,407	-	-
IDFC Overnight Fund - Direct Plan - Growth	-	-	88,238	1,000
TATA Overnight Fund-Direct Plan-Growth	-	-	89,214	1,001
UTI - Overnight Fund - Direct Plan - Growth Option	-	-	22,354	650
L&T Overnight Fund Direct Growth	-	-	30,160	501
SBI Overnight Fund - Direct Plan - Growth	-	-	14,450	500
ICICI Prudential Liquid Fund - Direct Growth	697,253	2,323	-	-
Total		13,905		6,205

Aggregate amount of quoted investments	13,905	6,205
Market value of quoted investments	13,905	6,205
Investments carried at fair value through profit or loss	13,905	6,205

7.2. Trade receivables

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured*		
Billed		
Considered good	77,278	65,631
Considered doubtful	843	617
	78,121	66,248
Less : Allowances for credit losses	843	617
	77,278	65,631
Unbilled	4,223	-
Total	81,501	65,631

* Include dues from related party (Refer note 32)

Movement in allowances for credit losses

₹ in Lakhs

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	617	1174
Movement in allowances for credit losses on trade receivables	226	(557)
Provision at the end of the year	843	617

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 - Billed							
As at March 31, 2023	64,513	11,034	766	1,782	-	-	78,095
Less: Allowance for credit losses	-	-	-	-	-	-	843
	-	-	-	-	-	-	77,252
As at March 31, 2022	59,540	5,377	829	4	389	-	66,139
Less: Allowance for credit losses	-	-	-	-	-	-	617
Total	-	-	-	-	-	-	65,522

7.3 Cash and cash equivalents

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Balances with banks		
In current accounts	1,511	632
In EEFC accounts	817	105
In deposit accounts with original maturity of less than three months	11,396	37,137
Total	13,724	37,874

7.4 Other balances with banks

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Short-term bank deposits with due date within one year of the balance sheet date	16,746	-
In earmarked accounts		
Balance held as margin money or security against borrowings	108	1,080
Total	16,854	1,080

7.5 Other financial assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Interest accrued but not due on fixed deposits/margin money	461	884
Loans and advances to related parties - Advances recoverable (Refer note 32)	20	43
Fair value of forward contracts (Refer note 24 & 25)	124	2,120
Total	605	3,047

8. Other current assets

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good		
Other deposits	91	162
Advances to employees	6	3
Prepaid expenses	86	109
Balances with government authorities		
Receivable from service tax authority	-	6
VAT credit receivable	40	40
GST credit receivable	1,824	314
Other recoverables	855	362
Total	2,902	996

9. Equity share capital

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Authorized		
10,000,000 equity shares of ₹ 10/- each	1,000	1,000
(As at March 31, 2022 - 10,000,000 equity shares of ₹ 10/- each)		
Issued		
6,000,700 equity shares of ₹ 10/- each	600	600
(As at March 31, 2022 - 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, 2022 - 3,375,394 equity shares of ₹ 10/- each)		
Total	338	338

Refer note (i) to (vi) below

Notes :

₹ in Lakhs

i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year	As at March 31, 2023	As at March 31, 2022
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.

₹ in Lakhs

iii) Details of shares held by Holding Company	As at March 31, 2023	As at March 31, 2022
Equity shares with voting rights		
Sonata Software Limited (Holding Company) and its nominees	3,375,394	3,375,394

₹ in Lakhs

iv) Details of shares held by each shareholder holding more than 5% shares	As at March 31, 2023	As at March 31, 2022
Sonata Software Limited (Holding Company) and its nominees		
No. of shares held	3,375,394	3,375,394
% of holding	100%	100%

₹ in Lakhs

v) Details of shares held by each promoter	As at March 31, 2023	As at March 31, 2022
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, 2023, on account of final dividend for fiscal 2022 the Company has incurred a net cash outflow of ₹ 5,709 lakhs and interim dividend of ₹ 6,800 lakhs for fiscal 2023 (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)

10. Other equity

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
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	27,169	24,988
Profit for the year	14,124	10,181
Less :		
Dividend	12,509	8,000
Closing balance	28,784	27,169
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	(129)	(27)
For the year, (net of tax)	(126)	(102)
Closing balance	(255)	(129)
Actuarial gain or (losses) on gratuity benefit are recognised in other comprehensive income.		
Effective portion of cash flow hedges		
Opening balance	1,542	824
Exchange differences on cash flow hedges	(2,402)	966
Tax impact on the above	607	(248)
Closing balance	(253)	1,542
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	28,988	29,294

11.1. Lease liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Lease liabilities (Refer Note 33)	255	342
Total	255	342

11.2. Other financial liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Other liabilities	578	-
Total	578	-

12.1. Borrowings

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Term loan		
From banks - Unsecured (Vendor financing arrangement repayable in four quarterly instalments)	2,961	474
Total	2,961	474

12.2. Trade payables

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 23)	1	-
Total outstanding dues of creditors other than micro and small enterprises - other than acceptances	106,297	87,547
Total	106,298	87,547

Trade payables ageing schedule

Particulars	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, 2023							
MSME	-	1	-	-	-	-	1
Others	2,460	80,043	23,440	16	28	310	106,297
As at March 31, 2022							
MSME	-	-	-	-	-	-	-
Others	2,912	84,184	27	107	20	297	87,547

12.3. Lease liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Lease liabilities (Refer note 33)	148	184
Total	148	184

12.4. Other financial liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Payable on acquisition of property, plant and equipment	7	8
Fair value of forward contracts	468	50
Interest accrued on Inter corporate deposit	-	3
Reimbursable expenses payable to related party (Refer note 32)	467	271
Total	942	332

13. Other current liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Contract liabilities	974	1,449
Gratuity payable (net) (Refer note 27)	41	12
Other payables		
Statutory remittances	2,076	2,147
Advances from customers	203	339
Others	27	48
Total	3,321	3,995

14. Provisions

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits - Compensated absences	80	97
Total	80	97

15. Current tax liabilities (net)

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Provision for tax (net of advance tax ₹ 5,090 (for March 31, 2022 ₹ 5,958))	470	1,371
Total	470	1,371

	For the year ended March 31, 2023	For the year ended March 31, 2022
Income Taxes		
(a) Income tax expense in the statement of profit and loss consists of:		
Current Tax:		
In respect of current year	5,336	4,507
Deferred Tax (Refer note 16):		
In respect of current year	(568)	(1,008)
Total Income tax expense recognised in the statement of profit and loss	4,768	3,499
(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		
Net loss / (gain) on measurement of fair value changes on cash flow hedges	42	35
Net loss / (gain) on fair value changes on cash flow hedges	607	(248)
Total	649	(213)
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	18,891	13,679
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	4,754	3,442
Effect of:		
Items that are non- deductible in determining taxable profit	52	53
Income not taxable as per income tax	(31)	-
Others	(7)	4
Income tax expense recognised in the statement of profit and loss	4,768	3,499

The applicable Indian corporate statutory tax rate for the year ended March 31, 2023 and March 31, 2022 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.

16. Deferred tax assets (net)

Deferred Tax assets / (liabilities) as at March 31, 2023 in relation to:

₹ in Lakhs

Particulars	As at April 1, 2022	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	As at March 31, 2023
Property, plant and equipment	26	-	-	26
Allowances for credit losses	155	57	-	212
Disallowance u/s 40 (a)	1,720	523	-	2,243
Disallowance u/s 43 (B)	(28)	53	-	25
Right to use	35	3	-	38
Defined benefit plans	124	-	42	166
Fair value changes on cashflow hedges	(609)	-	607	(2)
Others	96	(68)	-	28
Total	1,519	568	649	2,736

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

₹ in Lakhs

Particulars	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	32	3	-	35
Defined benefit plans	89	-	35	124
Fair value changes on cash flow hedges	(361)	-	(248)	(609)
Others	(31)	127	-	96
Total	724	1,008	(213)	1,519

17.1. Revenue from operations

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Sale of software/hardware products and licenses	553,503	406,118
Software services	536	575
Total	554,039	406,693

17.2. Other income

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income	1,282	1,501
Net gain on current investments	798	239
Net gain on foreign currency transactions and translations	1,873	(132)
Other non-operating income		
Liabilities/provisions no longer required written back	143	40
Commission received	-	3
Interest income on Income tax refund	71	-
Miscellaneous income	2	-
Total	4,169	1,651

18.1 Purchase of stock-in-trade (traded goods)

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Purchase of stock-in-trade (traded goods)	533,645	388,605
Total	533,645	388,605

18.2 Changes in inventories of stock-in-trade

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Stock		
Stock-in-trade - hardware/software product and licenses	276	804
	276	804
Closing Stock		
Stock-in-trade - hardware/software product and licenses	2,882	276
	2,882	276
(Increase) / decrease in inventories	(2,606)	528

19. Employee benefits expense

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	5,118	3,513
Contributions to provident and other funds	303	256
Share based payments to employees	-	56
Staff welfare expenses	48	25
Total	5,469	3,850

20. Finance costs

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on financial liabilities measured at amortised cost:		
Borrowings	54	-
Inter corporate borrowings (Refer note 32)	54	30
Lease rentals discounted (Refer note 33)	48	76
Others	-	73
Other borrowing costs	455	190
Total	611	369

21. Other expenses

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Power and fuel	12	7
Rent (includes transactions with related parties - Refer Note 32)	68	14
Repairs and maintenance - Machinery	2	3
Insurance	91	55
Rates and taxes	64	248
Communication cost	27	27
Facility maintenance	79	66
Travelling and conveyance expenses	152	28
Sales commission	500	322
Professional and technical fees	192	277
Legal fees	3	8
Software license fees	74	-
Insourcing professional fees	36	26
Expenditure on corporate social responsibility (Refer note 29)	204	170
Payments to auditors (Refer note below)	21	28
Bad trade receivables written off	32	211
Impairment loss/(gain) recognised on trade receivable	221	(561)
Miscellaneous expenses	238	186
Total	2,016	1,115
Note - Payments to auditors comprises (net of input credit):		
Statutory audit	20	28
Other services	-	-
Reimbursement of expenses	1	-
	21	28

22. Contingent Liabilities

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
a) Other claims against the Company not acknowledged as debt	65	230
b) Disputed demands of Income-tax	33,396	32,047

Details of disputed demands of Income-tax primarily relate 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 Lakhs (As at March 31, 2022 ₹ 4,402 Lakhs) 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 Lakhs (As at March 31, 2022 ₹ 522 Lakhs) 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. ₹ 4,756 Lakhs (As at March 31, 2022 ₹3,407 Lakhs) for financial years 2014-15, 2015-16, 2016-17 and 2019-20. 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 Honourable 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 including the tax litigations, will result in a settlement that will have a material impact on its financial statements.

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

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

24. Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2023 and March 31, 2022 is as follows:

₹ in Lakhs

	Note	Carrying value		Fair value	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Financial assets					
Amortised Cost					
Security deposits	4	91	91	91	91
Trade receivable	7.2	77,278	65,631	77,278	65,631
Cash and cash equivalents	7.3	13,724	37,874	13,724	37,874
Other balances with banks	7.4	16,854	1,080	16,854	1,080
Other financial assets	4 & 7.5	2,823	2,864	2,823	2,864
FVTPL					
Investments in mutual funds (quoted)	7.1	13,905	6,205	13,905	6,205
Forward contracts	7.5	36	39	36	39
FVTOCI					
Forward contracts	7.5	88	2,081	88	2,081
Total assets		124,799	1,15,865	124,799	1,15,865

	Note	Carrying value		Fair value	
		As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Financial liabilities					
Amortised Cost					
Borrowings	12	2,961	474	2,961	474
Trade payables	12.2	106,298	87,547	106,298	87,547
Lease liabilities	11.1 & 12.3	403	526	403	526
Other financial liabilities	12.4	942	279	942	279
FVTPL					
Forward Contracts	12.4	56	47	56	47
FVTOCI					
Forward Contracts		412	3	412	3
Total liabilities		111,072	88,876	111,072	88,876

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, 2023 and March 31, 2022.

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

Amount in Lakhs

	Fair value as at		Fair value hierarchy
	As at March 31, 2023	As at March 31, 2022	
Investments in mutual funds (quoted)	13,905	6,205	Level 1
Foreign currency forward contracts (assets)	124	2,120	Level 2
Foreign currency forward contracts (liabilities)	468	50	Level 2

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 10

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

Amount in Lakhs

	As at March 31, 2023	As at March 31, 2022
Designated derivative instruments (Sell):		
In USD	342	655
In GBP	270	90
In AUD	14	-

The foreign exchange forward and option contracts mature anywhere between 0-2.5 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, 2023	As at March 31, 2022
Designated derivative instruments (Sell):		
Less than 3 months		
In USD	189	162
In GBP	-	-
More than 3 months		
In USD	153	493
In GBP	270	90
in AUD	14	-

Average rate of coverage	As at March 31, 2023		As at March 31, 2022	
	Amount in Lakhs	Weighted Average Rate (₹)	Amount in Lakhs	Weighted Average Rate (₹)
USD	342	83.80	655	80.99
GBP	270	103.19	90	101.00
AUD	14	56.28	-	-

25. 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, 2023	March 31, 2022
Revenue from top customer	85,248	82,206
Revenue from top 5 customers	228,526	207,808

Two customers accounted for more than 10% of the revenue for the year ended March 31, 2023 and two of the customers accounted for more than 10% of the receivables for the year ended March 31, 2023. 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.

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 liquidity position of the Group is given below:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Cash and cash equivalents	13,724	37,874
Other balances with bank	16,854	1,080
Investments in Mutual Funds (quoted)	13,905	6,205
Trade receivables	77,278	65,631
Other financial assets	605	3,047
Other current assets	2,902	996

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2023 and March 31, 2022:

₹ in Lakhs

	As at March 31, 2023			
	Less than 1 year	1-2 years	2 years & above	Total
Borrowings	2,961	-	-	2,961
Trade payables	106,298	-	-	106,298
Lease liabilities	148	78	177	403
Other financial liabilities	942	-	-	942

₹ in Lakhs

	As at March 31, 2022			
	Less than 1 year	1-2 years	2 years & above	Total
Borrowings	474	-	-	474
Trade payables	87,123	107	317	87,547
Lease liabilities	184	125	217	526
Other financial liabilities	279	-	-	279

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 ₹ 155 lakhs increase and decrease in the Company's net profit as at March 31, 2023
- b) an approximately ₹ 123 lakhs increase and decrease in the Company's net profit as at March 31, 2022

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2023 and March 31, 2022.

₹ in Lakhs

Exposure currency	USD	GBP	EUR	Other Currencies*
As at March 31, 2023				
Assets				
Trade receivables	14,331	158	(3)	13
Cash and cash equivalents	1,172	-	-	83
Liabilities				
Trade payables	(1,968)	(66)	(27)	(217)
Net assets/liabilities	13,535	91	(30)	(121)
As at March 31, 2022				
Assets				
Trade receivables	3,830	61	-	-
Cash and cash equivalents	434	-	-	70
Liabilities				
Trade payables	(956)	(43)	-	(37)
Net assets/liabilities	3,308	18	-	33

*Others include currencies such as Singapore Dollar and Australian Dollar.

For the year ended March 31, 2023, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.02%/ (0.02)%. For the year ended March 31, 2022, the impact on operating margins would be 0.01%/ (0.01)%.

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.

26. 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, 2023	As at March 31, 2022
Total equity attributable to the equity share holders of the Company	29,326	29,632
As percentage of total capital	91%	98%
Current borrowings	2,961	474
Total borrowings	2,961	474
As a percentage of total capital	9%	2%
Total capital (borrowings and equity)	32,287	30,106

27. Employee benefit plans

i) Defined contribution plans

a) Provident fund

Until the end of April 2021 the eligible employees of Sonata Software Limited receive benefits from a provident fund, which is a defined benefit plan. Both the eligible employee and the Company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Sonata Software Provident Fund. The 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 ended March 31, 2022, 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 company has been remitting their monthly contribution of provident fund to EPFO.

Provident fund contributions amounting to ₹ 127 lakhs (for the year ended March 31, 2022 ₹ 117 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, 2023	Year ended March 31, 2022
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 19 Employee benefits expense)	105	85
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in in Note 19 Employee benefits expense)	12	5

ii) Defined benefit plans - Gratuity

As per valuation

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

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Discount rate(s)	7.45%	6.73%
Expected rate(s) of salary increase	5.00%	5.00%
Mortality Rate	Indian assured lives mortality 2012-14	Indian assured lives mortality 2012-14

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

₹ in Lakhs

	Year ended March 31, 2023	Year ended March 31, 2022
Service cost:		
Current service cost	56	44
Net interest expense	1	5
Components of defined benefit costs recognised in profit and loss	57	49
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	142	(2)
Actuarial (gains) / losses arising from changes in financial assumptions	(30)	(18)
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from experience adjustments	53	157
Components of defined benefit costs recognised in other comprehensive income	165	137

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, 2023	As at March 31, 2022
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	(823)	(715)
Fair value of plan assets	782	702
Net (liability) / Assets arising from defined benefit obligation	(41)	(12)
Movements in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	715	406
Current service cost	56	44
Interest cost	48	32
Remeasurement (gains)/losses:		
Actuarial (gains) / losses arising from changes in financial assumptions	(30)	(18)
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from experience adjustments	53	157
Benefits paid	(19)	(9)
Liability Transferred In/ Acquisitions	-	103
Closing defined benefit obligation	823	715
Movements in the fair value of the plan assets are as follows:		
Opening fair value of plan assets	702	429
Interest income	47	27
Return on plan assets (excluding amounts included in net interest expense)	(142)	2
Contributions from the employer	194	151
Benefits paid	(19)	(9)
Liability Transferred In/ Acquisitions	-	103
Closing fair value of plan assets	782	702

The major categories of plan assets as a percentage of total plan are as follows:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	35.33%	27.59%
Defensive Fund	30.84%	27.10%
Balanced Fund	33.83%	30.72%
Movement SSL TO SITL	-	14.60%

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

	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	38	42	36	39
Future salary growth (1% movement)	43	40	39	36

The Company expects to contribute ₹ 103 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.

in Lakhs)

	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligation	823	715	406	313	270
Fair value of plan assets	782	702	429	271	274
Surplus / (deficit)	(41)	(12)	23	(42)	4
Experience adjustments on plan liabilities - (gain)/losses	53	157	17	(31)	2
Experience adjustments on plan assets - (losses)/gain	(142)	2	41	(20)	1

Maturity profile of defined benefit obligation:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Within 1 year	92	79
1-2 years	89	74
2-3 years	86	72
3-4 years	90	69
4-5 years	163	76
5 years and Above	759	714

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.

The company has cancelled the existing Stock Appreciation Rights Plan (SAR) during the previous year and introduced the Bonus plan in lieu of SAR effective from June 30, 2021.

Details of movement for the year ended March 31, 2022 are given below:

	For the year ended March 31, 2022			
	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
Number of units granted under letter of intent during the year	-	-	-	-
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*	-	-	-	-
Contractual life (in years)	3	1	1	1
Date of grant	Dec 18, 2018	Sep 30, 2018	Oct 1, 2019	Jan 1, 2021
Grant price per unit (₹)	315.30	200.00	224.00	251.00
Number of units exercisable at the end of the year*	-	-	-	-
Weighted average exercise price (₹)	335.66	200.00	224.00	251.00
Weighted average exercise price of options exercisable at the end of the year (₹)*	-	-	-	-

The weighted average fair value of each unit during the previous year 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 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
Exercise price (₹)	251.00	315.3-395.52	200.00	224.00
Dividend yield	2.50%	2.50%	2.50%	2.50%
Expected life (in years)	1	3	1	1
Risk free interest rate	4.25%	3.86%-4.25%	3.86%	3.86%
Volatility	40%	40%	40%	40%

28. Segment reporting

The Company is engaged in the business of software/hardware products 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.

29. 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.

- (i) Gross amount required to be spent by the Company during the year is ₹ 201 lakhs (Previous Year is ₹ 166 lakhs)
- (ii) Amount spent during the year is ₹ 204 lakhs (Previous year is ₹ 170 lakhs)

₹ in Lakhs

Particulars	In cash	Yet to be paid in cash	Total
Construction / acquisition of any asset	-	-	-
On purposes other than above	204	-	204
Total	204	-	204

- (iii) Amount unspent is Nil (Previous year is Nil)

30. Earnings per share

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
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

31. Distributions made and proposed :

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2023 and year ended March 31, 2022 was ₹ 497.71 and ₹ 237.01 respectively.

The Board of Directors at their meeting held on October 17, 2022 & January 23, 2023 had declared an interim dividend of 1,036.9% & 977.64% respectively (₹ 103.69 & ₹ 97.76 per equity share of par value of ₹ 10 each). The Board of Directors at their meeting held on May 03, 2023 had declared final dividend of 2962.6 % (₹ 296.26 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 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 was approved by shareholders.

32. Related Party Disclosures

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
	Sonata Software Intercontinental Limited
	Sonata Australia Pty Ltd (formerly known as "Scalable Data Systems Pty Ltd")
(c) Key management personnel (KMP)	Mr. P Srikar Reddy, Chairperson
	Mr. Sujit Mohanty, Managing Director & CEO
	Ms. Radhika Rajan, Director

ii) Transactions with related parties :

₹ in Lakhs

Particulars	Holding Company		Fellow Subsidiary		KMP	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Revenue from Software products and licenses	12,151	9,275				
Sonata Software North America Inc.			2	2		
Software project fees	-	-	-	-		
Service charges	-	-	-	-		
Rent paid	96	78	-	-		
Inter corporate borrowings taken	9,410	6,060	-	-		
Inter corporate borrowings repaid	9,410	6,060	-	-		
Interest on inter corporate borrowings	54	30	-	-		
Reimbursement of expenses			-	-		
Dividend paid	12,509	8,000	-	-		
Commission on corporate guarantees	331	58	-	-		
Reimbursement of expenses paid	-	10				
Sonata Software North America Inc.			12			
Sonata Australia Pty Ltd			174			
Sonata Europe Limited			527			
Reimbursement of expenses Received	-	-		-		

Particulars	Holding Company		Fellow Subsidiary		KMP	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Sonata Software Intercontinental Limited			6			
Sonata Software North America Inc.			1			
Compensation of key management personnel of the Company						
Short-term employee benefits ¹					206	153
Others					2	2
Balances outstanding at the end of the year						
Interest accrued on inter corporate borrowings	-	3	-	-		
Trade Receivables	2,920	1,262	-	1		
Sonata Software North America Inc.			-	1		
Trade payables	-	-	-	-		
Reimbursement of expenses payable	90	126				
Sonata Software North America Inc.			22	9		
Sonata Australia Pty Ltd			217	37		
Sonata Europe Limited			137	99		
Reimbursement of expenses receivable	12	43		-		
Sonata Software Intercontinental Limited			7			
Sonata Software North America Inc.			1			
Corporate guarantees taken	33,368	30,816	-	-		
Payable to key management personnel of the Company						
Short-term employee benefits ¹					89	82

¹The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

33. Leases

The aggregate depreciation expense of ₹ 147 lakhs (Previous year is ₹ 164 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, 2022	418
Additions	27
Deletion	-
Depreciation	(147)
Balance as at March 31, 2023	298
Balance as at April 1, 2021	747
Additions	-
Deletion	(165)
Depreciation	(164)
Balance as at March 31, 2022	418

Rental expense recorded for short-term leases was ₹ 68 lakhs (March 31,2022 ₹ 14 lakhs) for the year ended March 31,2023

The following is the movement in lease liabilities:

₹ in Lakhs

	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning	526	864
Additions	27	-
Finance cost accrued during the year	48	76
Deletions	-	(165)
Payment of lease liabilities	(198)	(250)
Balance at the end of the year	403	526

The following is the break-up of lease liabilities based on their maturities:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	148	184
Non-current lease liabilities	255	342
Total	403	526

Contractual maturities of lease liabilities

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2023 on an undiscounted basis:

₹ in Lakhs

	As at March 31, 2023	As at March 31, 2022
Not later than one year	155	194
Later than one year and not later than 5 years	273	359
Later than 5 years	109	151
Total	537	704

34. The table below provides financial ratios:

Ratio/Measure	Methodology	For the year ended March 31, 2023	For the year ended March 31, 2022
Current ratio	Current assets over current liabilities	1.16	1.22
Debt-equity ratio ¹	Debt over total shareholders equity	0.11	0.03
Debt service coverage ratio ²	EBITDA over current debt	4.95	10.41
Return on equity ratio ³	PAT over total average equity	0.48	0.36
Trade receivable turnover ratio	Revenue from operations over trade receivables	7.17	6.21
Trade payable turnover ratio	Adjusted expenses over trade payables	5.07	4.51
Net capital turnover ratio ⁴	Revenue from operations over working capital	26.06	18.68
Net profit ratio	Net profit over revenue	0.03	0.03
Return on capital employed ⁵	EBIT over capital employed	0.72	0.48
Return on investment	Interest income, net gain on sale of investments and net fair value gain & dividend income over weighted average investments.	0.06	0.05

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 increase in additional borrowings during the financial year 2022-23

²Debt service coverage ratio improved on account of increase in additional borrowings during the financial year 2022-23

³Return of equity ratio improved on account of increase in EBIT for the year ended March 31, 2023

⁴Net capital turnover ratio is improved on account of increase in revenue for the year ended March 31, 2023

⁵Return on capital employed ratio improved on account of increase in EBIT for the year ended March 31, 2023

35. 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.

As per our report of even date attached

For B S R & Co LLP

Chartered Accountants
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner
(Membership No. 065155)
Bengaluru

Place : Bengaluru

Date : May 03, 2023

For and on behalf of the Board of Directors of Sonata Information Technology Limited

P Srikar Reddy
Chairperson

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 1996, **Fax:** 91-80-2661 0972, **E-mail:** info@sonata-software.com,

Website: www.sonata-software.com

NOTICE OF THE TWENTY-EIGHT ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty-Eight Annual General Meeting (“**AGM**”) of the Members of **SONATA SOFTWARE LIMITED** will be held on Monday, July 31, 2023, at 10:00 A.M. (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 March 31, 2023.

To receive, consider, approve, and adopt the following:

- (a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2023 together with the Reports of the Directors and Auditors thereon; and
- (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2023 together with the report of the Auditors thereon.

2. Declaration of dividend.

To confirm the payment of Interim Dividend of ₹ 7/- (Rupees seven only) per equity share of par value of ₹ 1/- each already paid, and to declare additional Final Dividend of ₹ 8.75/- (Rupees eight and seventy five paise only) per equity share of par value of ₹ 1/- each for the Financial Year ended March 31, 2023.

3. Appointment of Mr. Viren Raheja as a Director liable to retire by rotation.

To appoint a director in place of Mr. Viren Raheja (DIN: 00037592), 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. Viren Raheja (DIN: 00037592), who retires by rotation, be and is hereby re-appointed as a Director liable to retire by rotation.”

SPECIAL BUSINESS

4. To approve the amendment to the Employee Stock Option Plan, 2013 of the Company and to authorise the ESOP Trust to purchase or acquire equity shares of the Company.

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT in continuation of the earlier resolutions passed at the Annual General Meeting held on August 11, 2014, pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), read with Rule 16 of the Companies (Share Capital and Debentures) Rules, 2014, as amended from time to time, and the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (“the SEBI ESOP Regulations”), including the relevant circulars and notifications, if any, issued by the Securities and Exchange Board of India (“SEBI”) from time to time, the approval of the members of Sonata Software Limited (“the Company”) be and is hereby accorded to authorize Sonata

Software Limited Employees' Welfare Trust ("ESOP Trust" / "Trust") to purchase or acquire equity shares of the Company, in one or more tranches, from the secondary market, at such price and on such terms and conditions that ESOP Trust may deem fit, by utilizing the funds available in the Trust, in such manner as may be determined by the Nomination & Remuneration Committee of the Company, provided that:

- (a) Secondary acquisition(s) in a Financial Year by the ESOP Trust shall not exceed two percent (2%) of the paid-up equity capital of the Company as at the end of the previous Financial Year or such other limits as may be prescribed from time to time.
- (b) The total number of shares under secondary acquisition(s) held by the ESOP Trust shall at no point of time exceed five percent (5%) of the paid-up equity capital of the Company as at the end of the Financial Year immediately prior to the year in which the members approval is obtained for such secondary acquisition(s) or such other limits as may be prescribed from time to time.

for the purpose of implementation of the Employees' Stock Option Plan 2013 ("ESOP Plan 2013"/ "Plan") as approved earlier by the Board of Directors and members and further authorise to do all such acts, deeds and things as may be incidental or ancillary in this regard.

RESOLVED FURTHER THAT the approval of the members of the Company be and is hereby accorded to remove the restriction in clause 3.3 of the ESOP Plan 2013 i.e. *"that Trust shall not acquire shares from any other person or the Secondary Securities Market"* by modifying the clause as follows:

Amended Clause 3.3:

The Company shall issue and allot the Shares to the Trust from time to time for the purpose of implementing the Plan. The Trust shall also be authorized to acquire Shares of the Company from any other person or from the secondary securities market and that to utilize such shares for the implementation of the Plan in such a manner as may be determined by the Nomination & Remuneration Committee (erstwhile Compensation Committee) of the Company.

RESOLVED FURTHER THAT in case of any re-organization, corporate action(s), combination or exchange of shares, or any similar change affecting the structure of the share capital of the Company including sub-division, rights issue, bonus issue, buy-back of shares, split or consolidation of shares etc. of the Company, the number and percentage of shares of the Company acquired from the secondary market by the ESOP Trust shall be appropriately adjusted, consistent with such change in such manner as Company shall reasonably deem equitable.

RESOLVED FURTHER THAT Mr. Samir Dhir, Managing Director & CEO or Mr. Jagannathan CN, Chief Financial Officer of the Company along with the Trustees of the ESOP Trust be and are hereby severally authorised to do all such steps as may be necessary, proper or expedient to give effect to this resolution, as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in respect of aforesaid resolutions without being required to seek any further consent or approval of the members of Company, and to do all such acts, deeds, things and matters as may be considered necessary or expedient including the amendment to the ESOP Plan 2013 and Trust Deed and such other documents as may be required for the purpose of giving effect to the above resolution and all things incidental and ancillary thereto.

RESOLVED FURTHER THAT Mr. Samir Dhir, Managing Director & CEO or Mr. Jagannathan CN, Chief Financial Officer or Ms. Mangal Kulkarni, Company Secretary of the Company be and are hereby severally authorized on behalf of the Company to file the necessary intimations, applications, documents and e-forms with the Stock Exchanges, Registrar of Companies and other regulatory and statutory authorities as may be required and to do all such acts, deeds, matters and things as deem necessary or expedient to give effect to the above resolution(s) and all things incidental and ancillary thereto."

5. To approve and authorise the payment of managerial remuneration to Mr. Samir Dhir, Managing Director & CEO of the Company in excess of the limits prescribed under Section 197 and Schedule V of the Companies Act, 2013.

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT in continuation of the earlier resolutions passed on June 24, 2022 at the Annual General Meeting and on April 21, 2023 through postal ballot and pursuant to Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the Act and the Rules made thereunder, (including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) (the ‘Act’), and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent and approval of the members of the Company be and is hereby accorded for payment of remuneration to Mr. Samir Dhir (DIN: 03021413), Managing Director & CEO of the Company in respect of any financial year during his tenure as the Managing Director & CEO of the Company, in excess of the ceilings of managerial remuneration prescribed under Section 197 and Schedule V of the Act or such other limits as may be prescribed from time to time and/or such approvals as may be granted by the Central Government, as may be decided by the Board of Directors of the Company from time to time, without any restriction on the individual limit(s) on the remuneration payable to any of the Managerial Person, subject to the overall limits as may be approved by the members of the Company, and as set out in the explanatory statement attached hereto.

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 and all things incidental and ancillary thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company 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 and all things incidental and ancillary thereto.”

6. To approve and authorise the payment of managerial remuneration to Mr. P Srikar Reddy, Executive Vice Chairman & Whole-Time Director of the Company in excess of the limits prescribed under Section 197 and Schedule V of the Companies Act, 2013.

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT in continuation of the earlier resolution(s) passed on April 21, 2023 through postal ballot, and pursuant to Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013, read with Schedule V of the Act and the Rules made thereunder, (including any amendment(s), modification(s) or re-enactment(s) thereof for the time being in force) (the ‘Act’), and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent and approval of the members of the Company be and is hereby accorded for payment of remuneration to Mr. P Srikar Reddy (DIN: 00001401), Executive Vice Chairman & Whole-Time Director of the Company in respect of any financial year from the date of his appointment as the Executive Vice Chairman & Whole-Time Director of the Company, in excess of the ceilings of managerial remuneration prescribed under Section 197 and Schedule V of the Act or such other limits as may be prescribed from time to time, as may be decided by the Board of Directors of the Company from time to time, without any restriction on the individual limit(s) on the remuneration payable to any of the Managerial Person, subject to the overall limits as may be approved by the members of the Company, and as set out in the explanatory statement attached hereto.

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 and all things incidental and ancillary thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company 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 and all things incidental and ancillary thereto."

7. To approve and authorise the payment of managerial remuneration exceeding limits of overall maximum remuneration prescribed under Section 197 and Schedule V of the Companies Act, 2013.

To consider and if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 197, 198, read with Schedule V and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) (the 'Act'), and pursuant to the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent and approval of the members of the Company be and is hereby accorded for payment of managerial remuneration in excess of the overall limits of managerial remuneration payable as provided under Section 197 and Schedule V of the Act 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, in respect of any financial year of the Company for a period of three years from the financial year 2023-24 as follows:

- (i) Up to 16% (from existing 10%) of the net profits of the Company, to the Managing Director or Whole-Time Director or to all such Directors taken together if there is more than one such Director, as may be decided by the Board or its Committee thereof from time to time;
- (ii) Up to 17% (from existing 11%) of the net profits of the Company, to all Directors (overall maximum remuneration payable to Directors including remuneration payable to Managing Director, Whole-Time Director, and Manager, if any, but excluding sitting fees payable to the directors) as may be decided by the Board or its Committee from time to time.

And the net profits shall be computed in the manner laid down in Section 198 of the Act.

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 as they may in their absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in respect of aforesaid resolutions without being required to seek any further consent or approval of the members of Company, and to take all such steps as may be necessary, proper and expedient to give effect to this Resolution and all things incidental and ancillary thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company 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 and all things incidental and ancillary thereto."

By Order of the Board of Directors
For **SONATA SOFTWARE LIMITED**

Mangal Krishnarao Kulkarni
Company Secretary
ACS: 11861

Place: Bengaluru
Date: July 04, 2023

NOTES:

1. The Ministry of Corporate Affairs ("MCA") has vide its General Circulars dated December 28, 2022 read with circulars dated April 8, 2020, April 13, 2020 and May 5, 2020 (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, Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 and Circular No. SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 (collectively referred to as "SEBI Circulars"), Notice of the Annual General Meeting (AGM) 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.
2. 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.
3. In compliance with the aforesaid MCA Circulars and SEBI Circular dated January 05, 2023, May 13, 2022, January 15, 2021 read with May 12, 2020, Notice of the AGM along with the Annual Report 2022-23 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 2022-23 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 IDs of those shareholders who have not registered their email addresses with the Company / RTA and other matters as may be required.
4. The Explanatory Statement pursuant to Section 102 of the Act setting out material facts concerning the business under Item No. 4 to 7 of the Notice, are annexed hereto. The relevant details, pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India – SS 2, in respect of Director seeking appointment/ re-appointment at this AGM is also annexed. Requisite declaration has been received from the Director seeking appointment/re-appointment.
5. The Company has engaged the services of NSDL, as authorised agency for conducting the AGM through VC/ OAVM and for providing e-voting facility to its members.
6. Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. 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.



8. The Company has fixed Friday, July 21, 2023 as the 'Record Date' and the Register of Members of the Company will be closed from July 22, 2023 to July 30, 2023 (both dates inclusive), for determining entitlement of members to final dividend for the financial year ended March 31, 2023, if approved at the AGM.
9. The final dividend on equity shares as recommended by the Board of Directors for the year ended March 31, 2023, 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 July 21, 2023, 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 July 21, 2023; 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 July 21, 2023.

10. 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 inward.ris@kfintech.com on or before July 18, 2023. 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 inward.ris@kfintech.com. The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on July 18, 2023.

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>.

11. 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.
12. 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.
13. 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-PoD-1/P/CIR/2023/37

dated March 16, 2023. 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>.

14. 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.
15. In terms of Regulation 40(1) of SEBI Listing Regulations as amended from time to time, the requests for transfer of securities including transfer, 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.
16. 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.
17. 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.
18. 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 Plan 2013 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., July 31, 2023. Members seeking to inspect such documents can send an email to investor@sonata-software.com.
19. 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 viz. KFin Technologies Limited, Unit Sonata Software Limited, Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India - 500 032, Toll free no. 1800 309 4001. Members holding shares in electronic form are requested to notify change in their address to their Depository Participant(s).



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 viz. KFin Technologies Limited, Unit Sonata Software Limited, Karvy Selenium Tower B, Plot No.31 & 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India - 500 032, Toll free no. 1800 309 4001.
21. Members desiring to claim dividends, which remain unclaimed, are requested to correspond with the Company's Share Transfer Agent viz. KFin Technologies Limited for further processing. 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 Final Dividend for the Financial Year ended March 31, 2017 shall become due for transfer to IEPF on December 02, 2023 and September 11, 2024 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(s).
24. SEBI has mandated the submission of PAN, KYC details and nomination by holders of physical securities by October 1, 2023, and linking PAN with Aadhaar by June 30, 2023 vide its circular dated March 16, 2023. Shareholders are requested to submit their PAN, KYC, and nomination details to the Company's RTA viz. KFin Technologies Limited, at einward.ris@kfintech.com. Members holding shares in electronic form are, therefore, requested to submit their PAN to their DP. In case a holder of physical securities fails to furnish PAN and KYC details before October 1, 2023 or link their PAN with Aadhaar before June 30, 2023, in accordance with the SEBI circular dated March 16, 2023, RTA is obligated to freeze such folios. The securities in the frozen folios shall be eligible to receive payments (including dividend) and lodge grievances only after furnishing the complete documents. If the securities continue to remain frozen as on December 31, 2025, the RTA / the Company shall refer such securities to the administering authority under the Benami Transactions (Prohibitions) Act, 1988, and / or the Prevention of Money Laundering Act, 2002.
25. Since the AGM will be held through VC/OAVM, the route map is not annexed to this Notice.
26. 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.
27. 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.

ANNEXURE I TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4: Special Resolution

Your Company had set up Sonata Software Limited Employees Welfare Trust (the "ESOP Trust") way back in 1995 to take care of employee welfare activities including the administration of employees' stock options plans promulgated from time to time by your Company.

At the 19th Annual General Meeting held on August 11, 2014, the members had approved the "Employee Stock Option Plan, 2013" (the "ESOP Plan 2013"), to create, offer and grant employee stock options to Eligible Company Employees, permanent employees of the wholly owned subsidiary Companies, as defined therein, which shall be acquired through the Sonata Software Limited Employees Welfare Trust set up by the Company on such terms and conditions mentioned in the resolution set out at Item no. 4.

With a view to extend ESOP and long incentive Plans for its employees and to avoid dilution for the Shareholders of the Company as well as increase earnings per share for the benefit of the Shareholders, it is proposed to utilize the funds available with the Trust to acquire shares from any other person or from the secondary securities market in one or more tranches.

However, the clause 3.3 of said ESOP Plan has a restrictive covenant i.e. "that Trust shall not acquire shares from any other person or the Secondary Securities Market". Accordingly, it is now proposed to amend the ESOP Plan and remove the above restriction with Shareholders approval as stated above.

In this regard, the Board of Directors as recommended by the Nomination & Remuneration Committee proposed to amend Clause 3.3 of the Employees' Stock Option Plan 2013, to authorize Sonata Software Limited Employees' Welfare Trust ("ESOP Trust") to acquire equity shares of the Company, in one or more tranches, from any other person or from the secondary securities market and utilize such shares, so acquired or otherwise issued and allotted for the implementation of ESOP Plan 2013 in such a manner as may be determined by the Nomination & Remuneration Committee of the Company.

Accordingly, the Board recommends the resolutions set forth in Item No. 4 of the Notice for approval of the members by way of Special Resolution.

As on date no other Director(s) or Key Managerial Personnel(s) or their relatives, is in any way, concerned or interested, financially or otherwise, in this resolution. However, should the Board or Committee thereof grant options to any Director(s) or Key Managerial Personnel(s) or their relatives in the future, the said Director or their relatives will be deemed concerned or interested, financially or otherwise, in this resolution.

Item No. 5: Special Resolution

The members of the Company at its 27th Annual General Meeting ('AGM') held on June 24, 2022, and through postal ballot on April 21, 2023 had approved the appointment and remuneration payable to Mr. Samir Dhir, Managing Director & CEO of the Company effective May 9, 2022 till May 8, 2026. The members had further authorised the Board upon recommendation of Nomination and Remuneration Committee to alter and vary the terms and conditions of appointment including remuneration and increment thereof, from time to time for Mr. Samir Dhir, and the total remuneration payable is subject to the limits specified in the Sections 197 & 198 and other applicable provisions of the Companies Act, 2013 ('the Act').

As per Section 197 and other applicable provisions of the Act, the remuneration payable to him shall not exceed 5% of the net profits of the Company without the approval of the members by a Special Resolution. Therefore, in the event of such circumstances as explained below, the approval of the members is being sought as an abundant caution in accordance with the Section 197, Schedule V, other applicable provisions of the Act.



In terms of the employment agreement entered into between the Company and Mr. Samir Dhir and as approved by the members in the AGM held on June 24, 2022, Mr. Samir is entitled to remuneration consisting of salary, fixed compensation, commission/profit share, annual performance pay, long term incentives on achievement of targets on agreed parameters, the stock options granted to him as a part of his remuneration, perquisites etc. (hereinafter referred to as "remuneration"). The perquisite value in respect of stock options (upon exercise in any financial year) will therefore be considered as part of his remuneration under the Act for the relevant financial year. The value of stock options exercised will be determined on the basis of the market value of shares at the time of exercise.

As the members are aware, the Company is performing well and experiencing a positive sentiment in the market. An upward trend in the price of your Company's shares indicates that investors have confidence in its growth prospects and financial performance.

In the event of Mr. Samir Dhir exercising the stock options vested with him, the perquisite value which forms part of his total remuneration taken together with long term incentives payable to him upon achieving targets, would substantially increase his aggregate remuneration in the relevant financial year, exceeding the limit of 5% prescribed under Section 197 of the Act.

The Nomination and Remuneration Committee and Board of Directors of the Company on July 04, 2023 have recommended the payment of remuneration to Mr. Samir Dhir in excess of prescribed limit of 5% of net profit of the Company, subject to the overall limit of managerial remuneration payable to the directors as may be approved by the members of the Company. However, the overall limit shall not exceed 16% of the net profits of the company to the Managing Director & CEO or Whole-Time Director or to all such Directors taken together.

Accordingly, the Board recommends the resolution set forth at Item No. 5 of the Notice for approval of the members by way of Special Resolution.

Except Mr. Samir Dhir, as the resolution relates to his remuneration, may be regarded as interested or concerned, no other Director(s) and Key Managerial Personnel(s) or their relatives, is in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 6: Special Resolution

The members through postal ballot on April 21, 2023, had approved the appointment and remuneration payable to Mr. P Srikar Reddy, Executive Vice Chairman & Whole-Time Director of the Company effective February 14, 2023 till April 03, 2026. The members had further authorised the Board upon recommendation of Nomination and Remuneration Committee to alter and vary the terms and conditions including remuneration and incremental thereof, from time to time for Mr. P Srikar Reddy and such remuneration payable shall be within the limits specified in the Section 197 and other applicable provisions of the Companies Act, 2013 ('the Act').

As per Section 197 and other applicable provisions of the Act, the remuneration payable to him shall not exceed 5% of the net profits of the Company without the approval of the members by a Special Resolution. Therefore, in the event of such circumstances as explained below, the approval of the members is being sought as an abundant caution in accordance with the Section 197, Schedule V, other applicable provisions of the Act.

In terms of the employment agreement entered into between the Company and Mr. P Srikar Reddy, and as approved by the members through postal ballot on April 21, 2023, Mr. P Srikar Reddy is entitled to a fixed compensation including annual increment, bonus plan in lieu of SARs and the stock options previously granted etc. (hereinafter referred to as "remuneration"). The perquisite value in respect of stock options (upon exercise in any financial year) will therefore be considered as part of his remuneration under the Act for the relevant financial year. The value of stock options exercised will be determined on the basis of the market value of shares at the time of exercise.

As explained in Item No. 5, the members may note that the Company is performing well and there is a positive sentiment in the market which is reflected in the market price of the Company's shares.

In the event of Mr. P Srikar Reddy exercising the stock options vested with him, the perquisite value which forms part of his total remuneration may substantially increase his aggregate remuneration in that financial year, exceeding the limit of 5% prescribed under Section 197 of the Act.

The Nomination and Remuneration Committee and Board of Directors of the Company on July 04, 2023, have recommended the payment of remuneration to Mr. P. Srikar Reddy, in excess of prescribed limit of 5% of net profit of the Company, subject to the overall limit of managerial remuneration payable to the directors as may be approved by the members of the Company. However, the overall limit shall not exceed 16% of the net profits of the company to the Managing Director & CEO or Whole-Time Director or to all such Directors taken together.

Accordingly, the Board recommends the resolution set forth at Item No. 6 of the Notice for approval of the members by way of Special Resolution.

Except Mr. P Srikar Reddy, Executive Vice Chairman & Whole-Time Director as the resolution relates to his remuneration, may be regarded as interested or concerned, no other Director(s) and Key Managerial Personnel(s) or their relatives, is in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 7: Special Resolution

As per provisions of Sections 197 of the Companies Act, 2013 ('Act'), i) the overall managerial remuneration of Managing Director, Whole-Time Director or Manager shall not exceed 10% of the net profits of the Company to all such Directors and Manager taken together; and ii) the overall managerial remuneration of all Directors of the Company shall not exceed 11% of the net profits of the Company for any financial year computed as per Section 198 of the Act.

As explained in explanatory statements at Item Nos. 5 and 6, the total remuneration payable to Mr. Samir Dhir and Mr. P Srikar Reddy taken together may exceed the prescribed limit of 10% specified under Section 197 of the Act in any financial year during their tenure.

Consequent to the above, the overall managerial remuneration payable to all Directors of the Company for relevant financial years is also likely to exceed the prescribed limit of 11% of net profit of the Company as prescribed under Section 197 of the Act.

In accordance with Section 197 and Schedule V of the Act and all other applicable provisions of the Act, the approval of members of the Company, by way of Special Resolution, is being sought for payment in excess of the above prescribed limits of the net profits of the Company for any financial year computed as per Section 198 of the Act, for i) for payment of remuneration to the Managing Director or Whole-Time Director or to all such Directors taken together up to 16% of net profits of the Company; and ii) subsequently for payment of remuneration to all Directors of the Company including remuneration payable to Managing Director, Whole-Time Director, and Manager, if any, (excluding sitting fees payable to the Directors) up to 17% of net profits of the Company as set out at Item No. 7.

The Nomination and Remuneration Committee and Board of Directors of the Company on July 04, 2023, have recommended the payment of overall managerial remuneration, in excess of the prescribed limit under Section 197 and other applicable provisions of the Act, subject to the approval of the members at the AGM.

Accordingly, the Board recommends the resolution set forth in Item No. 7 for approval of members of the Company by way of Special Resolution. All Directors to the extent pertaining to their remuneration / commission, may be regarded as concerned or interested, in the above resolution.



Annexure A

Details of Directors seeking appointment / re-appointment at the 28th Annual General Meeting to be held on July 31, 2023

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Director	Mr. Viren Raheja (DIN: 00037592)
Age	39 years
Date of appointment	17/04/2008
Relationship with Directors and Key Managerial Personnel	None
Experience / Expertise in specific functional areas	He has a diverse range of skills and expertise, including corporate governance, general IT knowledge, global business, behavioral science, law, and tax. His primary areas of focus revolves around finance and strategy management.
Qualification(s)	Bachelor's degree in commerce from the Mumbai University. He has passed all 3 levels leading to the CFA charter and has an MBA degree from the London Business School.
Date of first appointment on the Board	17/04/2008
Number of Meetings of Board attended during the FY 2022-23	6 of 6

Listed Companies in which the person holds Directorship & Committee membership and Listed Companies from which the person has resigned in the past three years:

Name of the Director	Mr. Viren Raheja (DIN: 00037592)
Board membership in other Listed entities	1
Audit Committee	• Hathway Cable and Datacom Limited
Stakeholders' Relationship Committee	• Hathway Cable and Datacom Limited
Nomination and Remuneration Committee	• Sonata Software Limited • Hathway Cable and Datacom Limited
Corporate Social Responsibility Committee	• Hathway Cable and Datacom Limited
Other Committee(s)	• Risk Management Committee of Sonata Software Limited • Investment and Loan Committee, Administrative Cum Regulatory Committee and Business Responsibility Committee of Hathway Cable and Datacom Limited
Resignations in Listed Companies in past 3 years	NIL
Shareholding of directors in the listed entity, including shareholding as a beneficial owner.	1,10,00,000 equity shares (7.85%).

Brief Profile of Director:

Name of the Director	Brief Profile
Mr. Viren Raheja (DIN: 00037592)	<p>Viren Raheja is a Non-Executive Promoter Director of Sonata Software Limited. He is a Director of several companies: Asianet Satellite Communications Pvt Ltd., Innovassynth Technologies (India) Ltd., Hathway Cable and Datacom Ltd. etc.</p> <p>He holds a bachelor's degree in commerce from Mumbai University. He has passed all 3 levels leading to the CFA charter and has an MBA degree from London Business School.</p>



ANNEXURE II TO THE NOTICE

A. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. 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 to access NSDL e-Voting system. After successful login, you can see link of "VC/OAVM" 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.
2. 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.
3. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in / 022 - 4886 7000 / 022 - 2499 7000 or contact Mr. Amit Vishal, Asst. Vice President - NSDL or Ms. Megha Malviya, Assistant Manager - NSDL.
4. Members are encouraged to join the Meeting through laptops for better experience.
5. Further, Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting 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.
7. 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 July 24, 2023 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.
8. 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.

THE INSTRUCTIONS FOR MEMBERS FOR E-VOTING DURING THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. 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.
3. 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.

4. 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. THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING AGM ARE AS UNDER:





- a. 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), Regulation 44 of Listing Regulations and the Circulars issued by the Ministry of Corporate Affairs and SEBI, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.
- b. The remote e-voting period begins on Friday, July 28, 2023 at 9:00 A.M. IST and ends on Sunday, July 30, 2023 at 5:00 P.M. IST. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e., July 21, 2023, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being July 21, 2023.
- c. 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.
- d. 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.
- e. 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.
- f. 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 at 022 - 4886 7000 and 022 - 2499 7000. 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., July 21, 2023 may follow steps mentioned in the Notice of the AGM under "Access to NSDL e-Voting system".



The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1: Access to NSDL e-Voting system

A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL Viz. https://eservices.nsd.com either on a Personal Computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider i.e., NSDL and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsd.com. Select "Register Online for IDeAS Portal" or click at https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsd.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 (i.e., your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider i.e., 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 & voting during the meeting. Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. <p style="text-align: center;">NSDL Mobile App is available on</p> <div style="display: flex; justify-content: center; gap: 20px;"> <div style="text-align: center;">  App Store </div> <div style="text-align: center;">  Google Play </div> </div> <div style="display: flex; justify-content: center; gap: 20px; margin-top: 10px;">   </div>

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> 1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website www.cdslindia.com and click on login icon & New System Myeasi Tab and then user your existing username & password. 2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option. 4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. 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 company name or e-Voting service provider i.e., 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 & voting during the meeting.

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

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 at 022 - 4886 7000 and 022 - 2499 7000
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 at toll free no. 1800 22 55 33.



B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

How to Log-in to NSDL e-Voting website?

1. 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.
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, your Password/OTP 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. Password details for shareholders other than Individual shareholders 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.

Step 2: Cast your vote electronically and join AGM on NSDL e-Voting system.

How to cast your vote electronically and join AGM 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" 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.

General Guidelines for Members

1. 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.



2. 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.: 022 - 4886 7000 and 022 - 2499 7000 or send a request to Ms. Megha Malviya, Assistant Manager, NSDL at evoting@nsdl.co.in
3. Members may send a request to evoting@nsdl.co.in for procuring user id and password for e-voting by providing demat account number / Folio number, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained above.

By Order of the Board of Directors
For **SONATA SOFTWARE LIMITED**

Mangal Krishnarao Kulkarni
Company Secretary
ACS: 11861

Place: Bengaluru
Date: July 04, 2023



Forward Looking Statements

This Report 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.





SONATA SOFTWARE

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