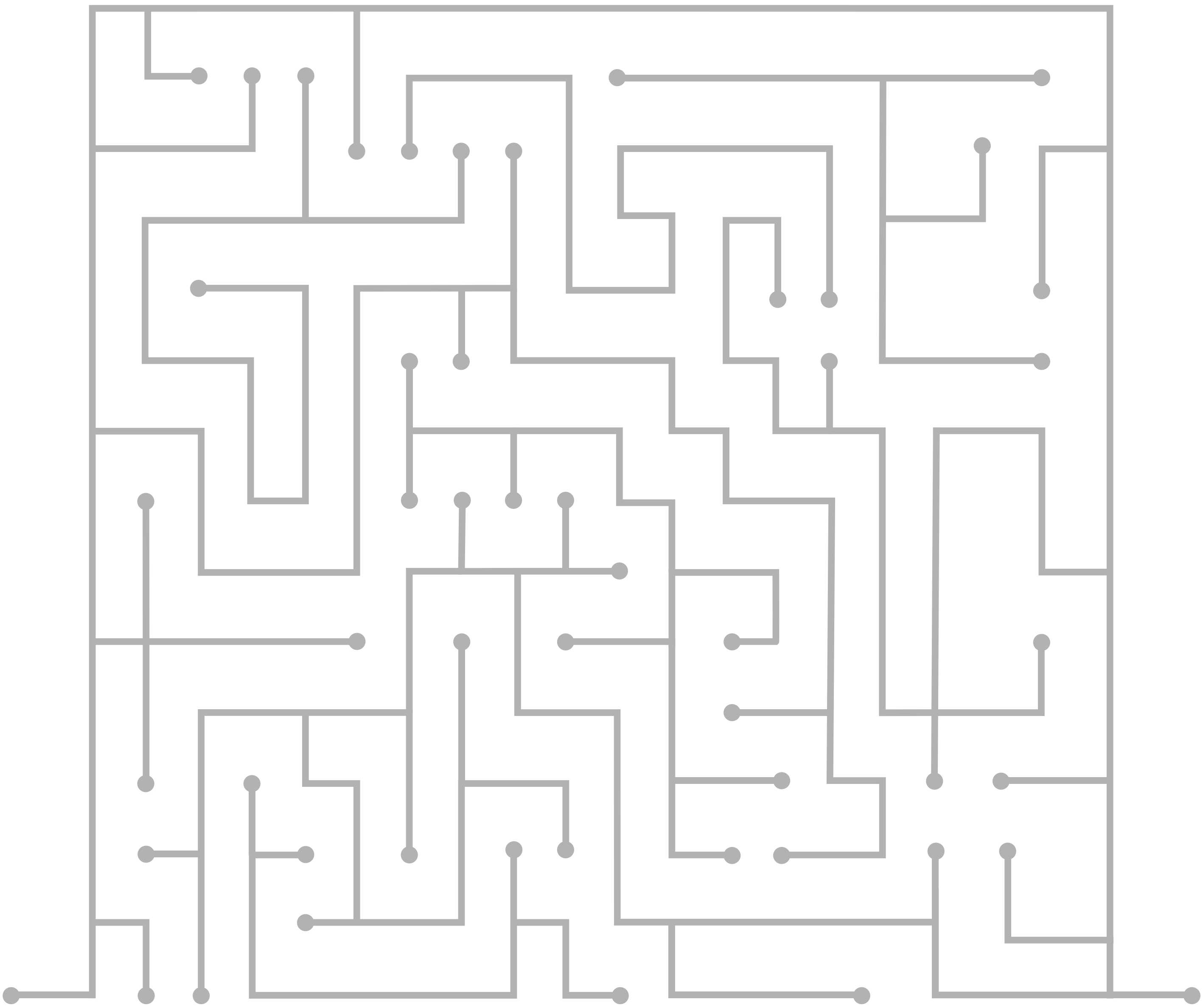
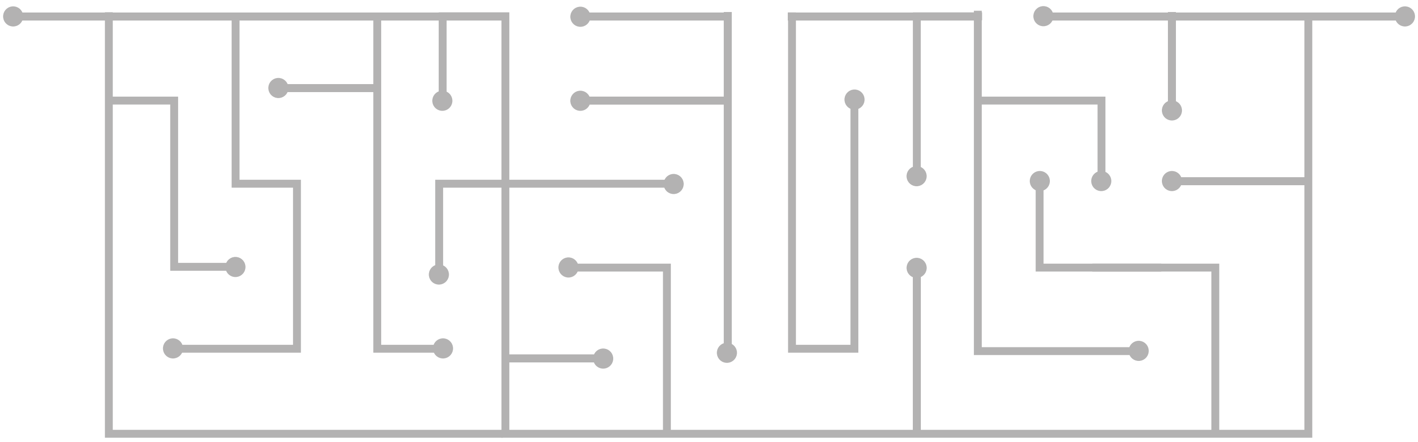


ACCELERATING ENTERPRISE DIGITAL TRANSFORMATION THROUGH PLATFORMATION™



SONATA

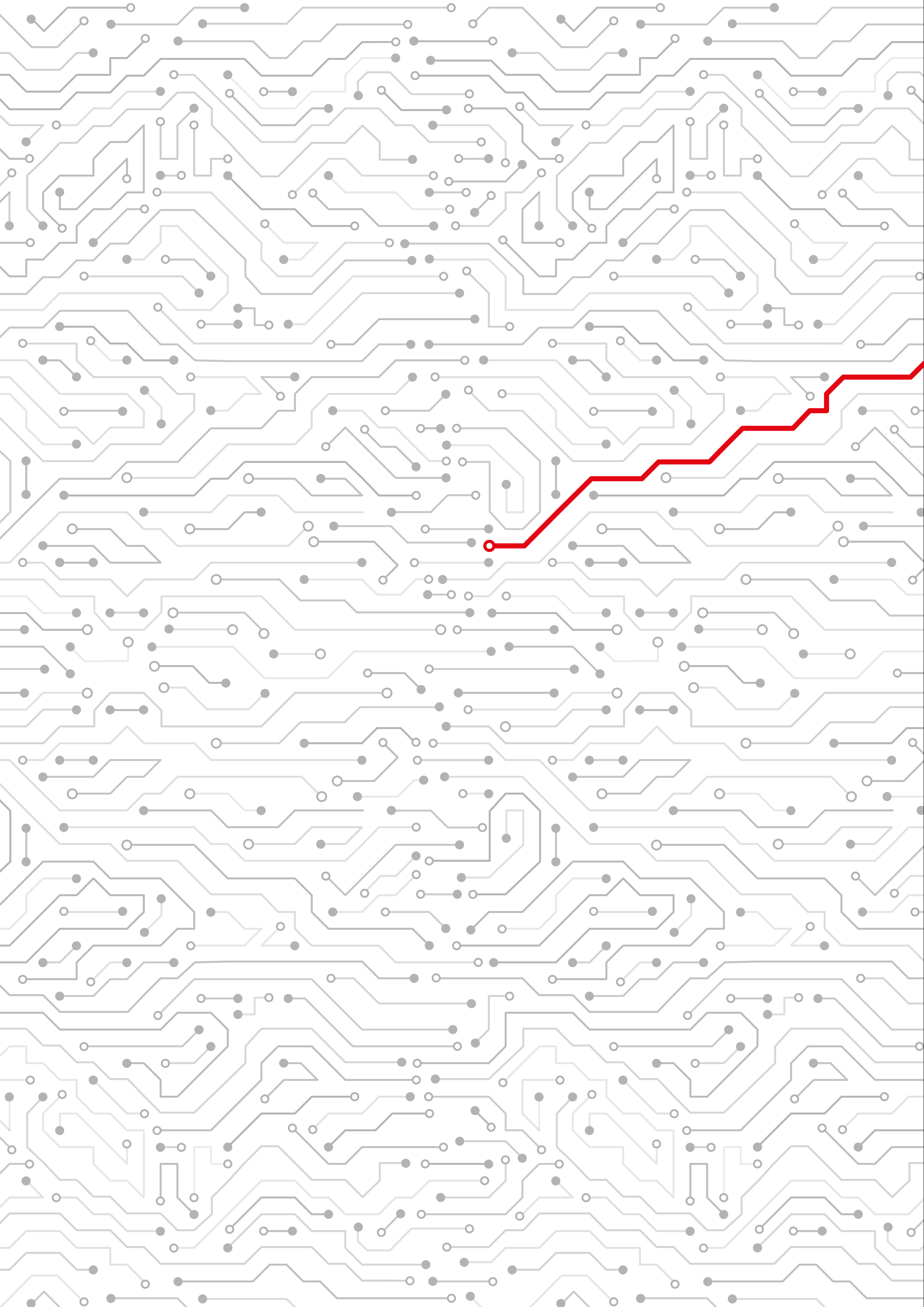
SONATA SOFTWARE

ANNUAL REPORT
2018-19

Certain statements in this annual report concerning our future growth prospects are forward-looking, which involve a number of risks and uncertainties that could cause actual results to di□er materially from those in such statements. We have tried wherever possible to identify such statements by using words such as anticipate, estimate, expect, project, intend, plan, believe and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Scan to view the report online

Contents



Moving enterprises, digitally

The path to innovation in the digital era will be driven by automation, integration, and optimization. At Sonata, we constantly look at digital ways of improving businesses and we have been proactively working towards transforming enterprise solutions.

Our value creation model delivers efficiency through platform based business models – enabling corporations to take the digital leap swiftly.

We have created an ecosystem that will help co-innovate with clients, partners and thought leaders – thanks to our industry ready IPs, deep domain experience, investments and expertise in nextgen technologies.

Today, as we are advancing in the times of Industry 4.0, we are excited to lead the digital transformation journey that will make businesses and lives smarter and more connected than ever before.

Accelerating Enterprise Digital Transformation through Platformation™

We had conceptualized two years ago, Sonata's unique proprietary model of digital transformation of enterprises – Platformation™.

This was based on understanding and applying how successful born digital companies have been able to create extremely scalable and rapidly growing digital businesses.

The ideas which we have adopted for Platformation™ is that firstly one needs to conceptualize a business model that is platform based, then identify how to create open, scalable, connected and intelligent platforms to support these business models. The key is to identify platforms that need to be created to support these business models and conceptualize the digital transformation journey around the creation of these platforms.

Robust technology framework for designing platform based solutions

What we have also evolved is a 16 point technology framework that needs to be adopted to create these platforms and how technologies like Microservices, Cloud, AI, ML, Platform Engineering can be applied to the creation of these platforms.

Over the period, we have developed unique Platformation™ service realization models, frameworks that ensure that true Platformation™ is realized. Concepts like "MARCHITECTURE" that define market architectures to support platform based business models and achieve Platformation™ end goals have been further enhanced.

SONATA'S INVESTMENT IN CREATING AND ACQUIRING END TO END DIGITAL PLATFORMS ALIGNED TO THE PLATFORMATION METHOD AND CREATING CUSTOM PLATFORMS HAVE SEEN MARKET RESONANCE.

THIS YEAR WE HAVE SEEN SIGNIFICANT TRACTION IN THE IMPLEMENTATION OF THE PLATFORMATION™ AGENDA ACROSS BOTH OUR EXISTING CLIENTS AND STARTING TO ENGAGE WITH NEW CLIENTS.

Executing Enterprise Digital Mandates

New Platformation™ consulting concepts and models have been evolved like how to create a structured digital agenda to meaningfully execute enterprise digital mandates. We institutionalized a customer digital agenda driven engagement and operating model as part of our customer engagements. Our consulting approach aligns with the customer digital agenda to create platform based business models and packaged digital business processes to create digital platforms. Platformation™ is now anchored around Plaformation™ led business consulting, Platformation™ led, technology consulting and Platformation™ aligned services around RPA, Platform Engineering, Data and Analytics, Cloud transformation , depending upon the context and digital platform maturity of the organization. Each of these tracks is supported today with a structured approach, methods, assets, tools, and metrics to measure outcomes.

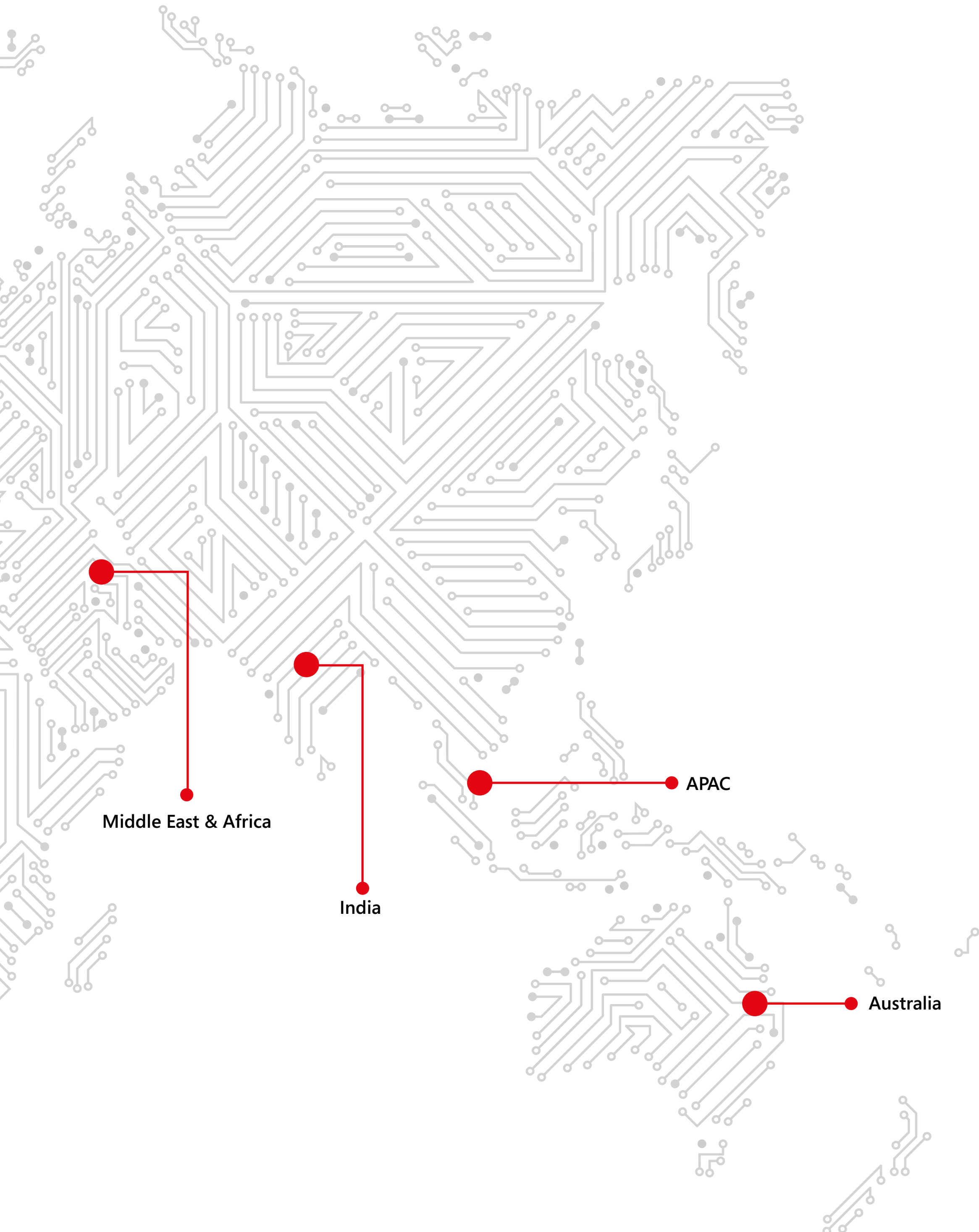
Our Platformation strategy has been well complemented through our strategic investment and inorganic initiatives. . We invested in platform technology companies that bring in unique IP like commodity trading platform and R10x a retail and distribution collaboration platform between consumers, retailers and manufacturers. This has enhanced differentiation, helped create unique value propositions and accelerate enterprise transformation.

Sonata continues to invest in thought leadership through co-funded research with premier academic institutions like Indian Institute of Science (IISC) and IIITB, in alignment to our Platformation™ strategy to fostering next-gen business and technology themes.

Overall its been a significant year in accelerating Sonata's vision of being a leading digital transformation partner through the Platformation™ methodology.

We believe going forward with continued focus on Platformation™ and aligning all our strategies and actions around achieving this goal, will continue to sustain our unique leadership position in helping customers accelerate their enterprise digital transformation through Platformation™. We believe we are well positioned as a strategic partner of choice for our customers to help accelerate their digital agenda and transformation mandates.

Sonata Footprint Across the Globe



Sales Offices

North America

Atlanta
Chicago
Fremont
Colorado
Dallas
Redmond
Bridgewater

UK

London

Middle East & Africa

Qatar
Dubai

Europe

France
Germany
Netherlands
Denmark

APAC

Singapore

Australia

Sydney
Melbourne
Brisbane

Development Centers

Redmond

India

Bengaluru (3)
Hyderabad (2)

Offices

Bengaluru
Chennai
Delhi
Hyderabad
Kolkatta
Pune
Mumbai

Operational Highlights

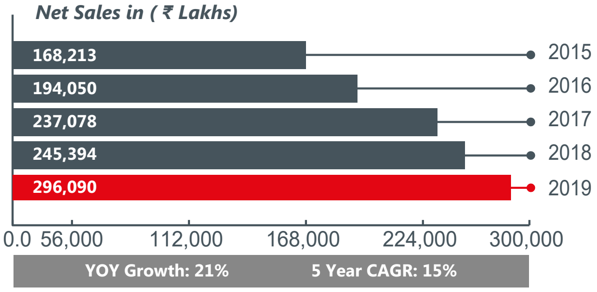
Two key strategic acquisitions – Scalable Data Systems based in Australia, and US-based Sopris Systems, were made, significantly augmenting our Dynamics capabilities across the areas of F&O and Field Service respectively.

Partnered with AutonomIQ, a Cloud platform that uses AI and Machine Learning for autonomous testing solutions. Integration of AutonomIQ's Autonomous Testing platform with Sonata's Platformation™ methodology, helps accelerate the value realization of the digital transformation projects of our customers.

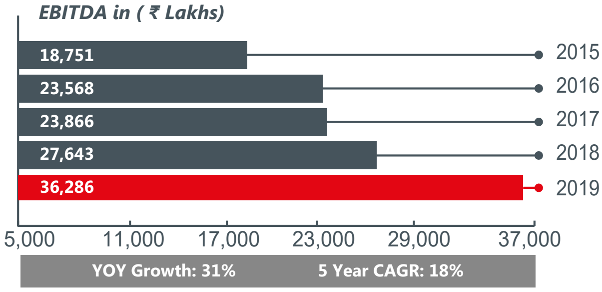
Made a strategic investment in Retail10X-, a Palo Alto, California- headquartered Retail AI Software-as-a-Service (SaaS) platform, bringing great value to customers in our focused vertical of Retail, Distribution and CPG by providing them with a platform that leverages the latest in AI, ML and deep learning technologies.

Financial Highlights

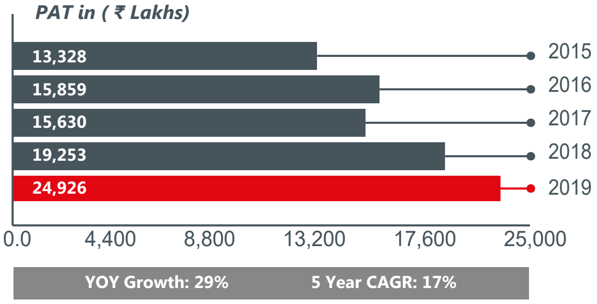
Net Sales in (₹ Lakhs)



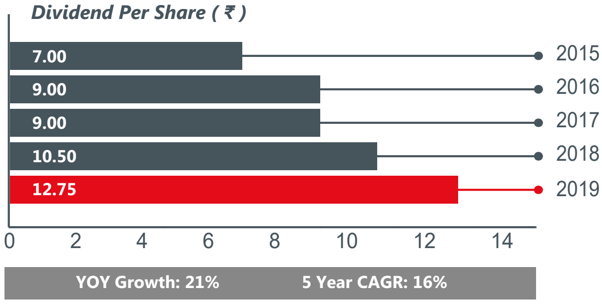
EBITDA in (₹ Lakhs)



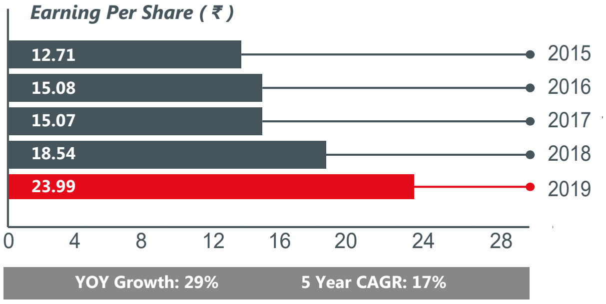
PAT in (₹ Lakhs)



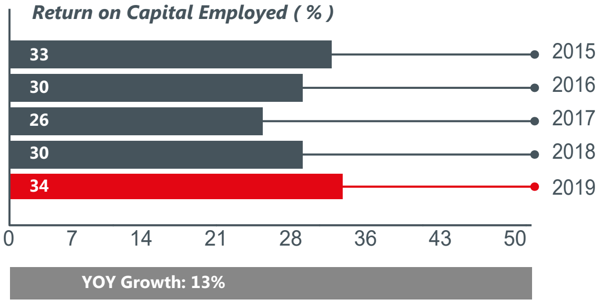
Dividend Per Share (₹)



Earning Per Share (₹)



Return on Capital Employed (%)



Halosys was featured on AppSource amongst the 40+ Industry-specific apps designed to tackle challenges in Distribution, Manufacturing and Retail

The second Sonata Café , our unique tech-talk, fostering thought leadership, was conducted in Hyd in March 2019. Mr. Ramesh Loganathan, Professor, IIIT-H spoke about AI, Blockchain and Machine Learning and its effects in the real world, followed by talks by three Sonatians.

Our senior leadership from across the globe attended Microsoft Inspire 2018 in Las Vegas in July and we were Silver Sponsors this year for the Microsoft Biz Apps Summit held in Seattle in July. It was attended by our business leaders from Dynamics and Data & Analytics competencies.

Co-hosted 'NASSCOM Tech Series' in December titled "Think Digital. Go Platform. Harnessing the power of Platforms for Digital Transformation". Here the focus was on traditional enterprises going digital and sharing of best practices and ideas.

We inaugurated two new Sonata offices, in Hyderabad and Mumbai, with a capacity of 380 and 50 seats respectively.

Added 31 new customers for various products and solutions including the addition of new logos across geographies and competencies.

(₹ in Lakhs)

Key Financials	**FY19**	**FY18**	**FY17**	**FY16**	**FY15**
Net Sales	296,090	245,394	237,078	194,050	168,213
EBITDA	36,286	27,643	23,866	23,568	18,751
PAT	24,926	19,253	15,630	15,859	13,328
Net Worth	76,826	65,326	59,075	47,099	42,843
Debt	1,562	3,373	5,522	17,603	2,443
Debtors	81,111	39,644	51,991	35,443	31,017
Cash	33,608	54,318	38,097	34,749	26,366
Per Share Ratio (₹)					
EPS	23.99	18.54	15.07	15.08	12.71
DPS	12.75*	10.50	9.00	9.00	7.00
BVPS	73.06	62.12	56.18	44.78	40.74
Margin Ratio (%)					
EBITDA Margin	12	11	10	12	11
Net Profit Margin	8	8	7	8	8
RoE	35	31	29	35	33
RoCE	34	30	26	30	33

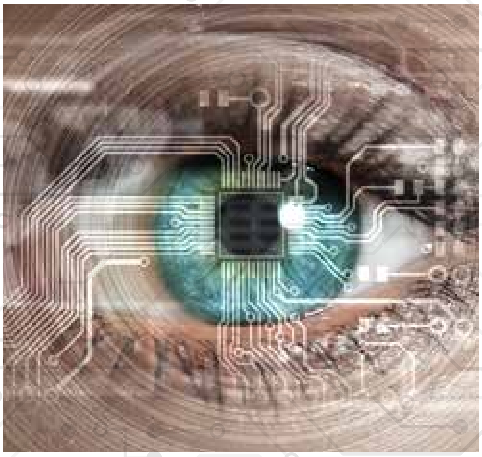
* This includes a final dividend of ₹ 8 (800% on par value of ₹ 1) per equity share, recommended by the Board of Directors. The payment is subject to approval of shareholders in the ensuing Annual General Meeting (AGM) of the Company.

Sonata Software at a Glance

Sonata is a global technology company, that enables successful platform based digital transformation initiatives for enterprises, to create businesses that are connected, open, intelligent and scalable. Sonata's Platformation™ methodology brings together industry expertise, platform technology excellence, design thinking-led innovation and strategic engagement models to deliver sustained long term value to customers. A trusted partner of world leaders in the Retail, Manufacturing & Distribution, Travel and Software industries, Sonata's solution portfolio includes its own digital platform such as Brick & Click Retail Platform©, Modern Distribution Platform©, Rezopia Digital Travel Platform©, RAPID DevOps Platform©, Kartopia E-commerce Platform© , Halosys Mobility Platform©, and Commodity CTRM Platform©, best-in-class capabilities on ISV digital technology platforms such as Microsoft Dynamics 365, Microsoft Azure, SAP Hybris, Cloud Engineering and Managed Services, as well as new digital applications like IoT, Artificial Intelligence, Machine Learning, Robotic Process Automation, Chatbots, Block Chain and Cyber Security. Sonata's people and systems are nurtured to bring together the depth of thought leadership, customer commitment and execution excellence to make a difference to business with technology.

Vision

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



The Company

30+ YEARS
as a IT Solutions Provider

RETAIL
Apparel, Hard Goods, Grocery, Hypermarket

DIGITAL
Omni-channel, Mobility & IoT, Analytics, Cloud

CUSTOMERS
Global Top 5 – Leisure Travel Co, Grocery Retailer, F&B CPG Co, Software Co

Industry Focus

$400+ M REVENUE
15% 3 Yr. CAGR

MANUFACTURING & DISTRIBUTION
Consumer Goods, IndustrialGoods, Wholesale

APPLICATION LIFECYCLE SOLUTIONS
ADM, Testing, IMS Managed Services

TECHNOLOGY PARTNERS
Microsoft, SAP, Oracle, Symantec, VMware

Solutions Portfolio

4000+ TEAM
across US, EU, Asia & ANZ

TRAVEL
TO, OTA, Airline, Rail, Hotel, Cruise

PLATFORM IP
Brick & Click Retail, Rezopia Digital Travel, Modern Distribution, Commodity CTRM

RECOGNITIONS
MS Cert for Dynamics 365, MS Inner Circle, Zinnov ranking as R&D service provider, IBM Best S/W Partner, Siemens Most Valued Partner

Credentials

SEI CMMI L5, ITIL & ISO certified

SOFTWARE VENDORS
ERP, SCM, Retail, Travel

TECHNOLOGY INFRASTRUCTURE SOLUTIONS
Software, Cloud, Server & Storage, Systems Integration

FINANCIAL
National Stock Exchange
Listed Public Ltd Co

Corporate Social Responsibility **in Sonata**

Education and the Environment

Our CSR activities in the Education vertical are implemented in collaboration with select institutions to leverage technology expertise and create digital learning platforms. We partner with organizations that provide education and capability building to improve human potential and help individuals lead fuller, richer, more active lives.

Sonata Partnered with Wildlife Conservation Trust to provide digital platforms of learning for children studying in the buffer zones of Bandipur tiger reserve The platform helps the students with digital content uploaded as lessons and stored as repository for usage by Teachers and Students across primary and secondary schools. Over 60 Schools have been covered in and around Bandipur National Park, and also expected scale to 578 Schools across 4 states and impacting 41,000 students by the end of the Current Academic Year.

Sonata as part of its CSR initiative has supported the Indian Institute of Science, Bengaluru to assist students to pursue new research initiatives at the Department of Computer Science and Automation. The grant also effectively helps to diffuse the enthusiasm of computer science research through targeted student outreach programs and to substantially elevate the pedagogical infrastructure, resulting in effective learning environments. The partnership also encompasses regular interactions between personnel from both organizations in the form of calendarized campus visits, expert talks and research dialogues.

IISc : 3rd Swagatham Program at CSA department

Sonata's partnership with IIIT-B encompasses research, internships and knowledge sharing between academia and industry to stand-in innovation at IIIT-B. The program funds research fellowships, advocating technology for digital transformation through workshops/structured courses, framework & course content creation, talks, training sessions. This initiative with IIIT-B is expected to help unlock the potential for platform based digital transformation (PlatformationTM) in other organizations that Sonata has been propagating.

IISc Inagural Session – Brief overview from Srikar

Students learning through App developed By Sonata

Summer school on theatrical foundations on Computer Science at IIIT-B

Traditional arts, textile and handicrafts

India's rich heritage of arts, textiles and handicrafts is well recognized. Likewise well identified is the fact that the custodians of our heritage - artisans, weavers and craftspeople find it progressively difficult to earn sustained livelihoods due to lack of access to markets, resources, customer trends and preferences. Sonata supports organizations that work towards cultivating the livelihoods of traditional craftspeople and by extension, help preserve and sustain our crafts heritage.

Sonata has aided Chitrika to digitally transform its existing website into a responsive website. This website will help artisans to co-create sustainable and successful business enterprises that are owned and operated by the artisans themselves. With direct access to the Customers and producers, the Artisans can directly interact with the market and grow their collectives to mutually benefit both the producer and the consumer, thus helping them stay relevant and resulting in increased realizations for their products.

Sonata has designed a customer facing platform that allows weavers from The Handloom School to showcase their design collections to prospective customers. The platform also enables weavers to receive orders and customization requests with regard to colors, design themes and yardage.

This platform is helping foster a new generation of weavers who can use their design skills and business acumen to create marketable products that also carry forward India's handloom tradition and heritage. We believe that Sonata's technology enabled marketplace will help these skilled and trained weavers to enhance their earnings through a wider and deeper connect and dialogue with their customers and prospects.

A Weaver weaving first time on multithreaded loom -THS

Corporate Information

BOARD OF DIRECTORS
Pradip P Shah
Chairman

S B Ghia
Director

Viren Raheja
Director

P Srikar Reddy
Managing Director & CEO

Radhika Rajan
Director

B K Syngal
Director

S N Talwar
Director

COMMITTEES OF THE BOARD

Audit Committee
B K Syngal, Chairman
S B Ghia
Pradip P Shah
S N Talwar
Radhika Rajan

Stakeholders Relationship Committee
S B Ghia, Chairman
P Srikar Reddy
Radhika Rajan

Nomination & Remuneration Committee
S N Talwar, Chairman
S B Ghia
B K Syngal
Viren Raheja

Corporate Social Responsibility Committee
S B Ghia, Chairman
S N Talwar
P Srikar Reddy

Risk Management Committee
Pradip P Shah
S N Talwar
Viren Raheja
P Srikar Reddy

SOLICITORS
M/s Talwar, Thakore & Associates
M/s Dua & Associates
M/s Fladgate LLP
M/s Tattva Legal
M/s Anand and Anand
M/s Law Offices of Gebran Majdalany
M/s K & S Partners
M/s B C Prabhakar Associates
M/s Chugh LLP

AUDITORS
Deloitte Haskins & Sells LLP

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investor@sonata-software.com

WEBSITE
www.sonata-software.com

BANKERS
Standard Chartered Bank
ICICI Bank
HDFC Bank
Yes Bank
BNP Paribas
Citibank NA

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Email: info@sonata-software.com

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Email: info@sonata-software.com

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Aundh, Pune 411 007, India
Tel: 91-20-25887045
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Australia.
Email: info@sonata-software.com

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Denmark
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Suites 302 & 303
Mississauga Ontario
L5N 2X7 Canada
Email: info@sonata-software.com

BOARD'S REPORT

To the Members,

Your Directors have pleasure in presenting before you the Twenty-Fourth Annual Report of your Company together with the Audited Financial Statements for the Financial Year ended 31st March, 2019.

FINANCIAL RESULTS

(₹ in Lakhs)

Description	Standalone		Consolidated	
	Financial Year ended 31.03.2019	Financial Year ended 31.03.2018	**Financial Year ended 31.03.2019**	Financial Year ended 31.03.2018
Total Income	**84,701**	73,047	**298,815**	249,939
Total Expenditure	**60,192**	52,754	**262,529**	222,295
EBITDA	**24,509**	20,293	**36,286**	27,644
Depreciation and Amortization Expense	**613**	500	**1,274**	1,241
Finance Cost	**8**	17	**339**	481
Profit before Tax & Exceptional Items	**23,888**	19,776	**34,673**	25,922
Exceptional (Income)/Expenses	**(49)**	(49)	**(276)**	(115)
Provision for Tax (Net)	**6,694**	4,697	**10,061**	6,824
PAT before non-controlling interest	**17,243**	15,128	**24,888**	19,213
Non-controlling interest	**-**	-	**38**	40
PAT after non-controlling interest	**-**	-	**24,926**	19,253
Basic Earnings Per Share (in ₹)	**16.59**	14.57	**23.99**	18.54

BUSINESS PERFORMANCE

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

The Financial Year 2018-19 witnessed some major strategic acquisitions and partnerships that resulted in enhancing your technological capabilities, additional IP and geographical reach. The Company took significant strides in creating a world-class experience and value for its shareholders and customers. During the financial year, the Company explored new growth opportunities and performed significantly well in both the domestic as well as international markets. It was reflected in PAT with growth of 30% in IITS and 30% in DPS business, respectively.

During the Financial Year, your Company continued to provide business solutions wrapped with IPs. The revenues through this strategy has resulted in a quicker growth and margin expansions.

Sonata made some strategic acquisitions and partnerships in the last year, further consolidating its position with a singular focus of being digital transformation partners of choice for their customers. The acquisitions of Sopris Systems and Scalable Data Systems have provided the Company with enhanced geographical reach and strengthened the Company's position as a strong Dynamics 365 partner globally with additional services capabilities. Sonata's partnerships with AutonomIQ and investment in Retail10X have added cutting edge technological capabilities to their existing and new offerings.

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

- Acquired Australia-headquartered Microsoft Dynamics 365 partner, Scalable Data Systems and US-headquartered Sopris Systems, providing Sonata with additional IP and geographical reach.
- Our two key partnerships this quarter with AutonomIQ for autonomous testing solutions and with Retail10X, an AI software-as-service platform company, further strengthen focus.
- Named a member of the prestigious 2018/2019 Inner Circle for Microsoft Dynamics.
- Two of our IPs, Brick & Click and Modern Distribution have been certified by Microsoft Dynamics 365.
- 475 employees were trained on the Design Thinking Framework. Improvements because of Design Thinking implementation were seen across various functions like Delivery, HR, Product Development & Sales, among others.

The performance reflects Sonata's journey to consolidate its position as a digital transformation partner of choice for its customers. Sonata's differentiated Platformation™ value proposition, better alignment with alliance partners and stronger investments in sales and marketing will lead to stronger new business development.

Coming to the results, both on a Standalone and Consolidated basis your Company has shown growth and placed itself well to handle its increasing scale of operation.

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

Standalone Financials

Total Income has shown a growth of 16%. The Earnings before Interest, taxes, Depreciation and Amortization (EBITDA) stood at 29% of total income and Net Profit at 20% of total income with Earnings per share at ₹ 16.59.

Consolidated financials

Total income has shown a growth of 20%. The Earnings before Interest, taxes, Depreciation and Amortization (EBITDA) stood at 12% of total income and Net Profit at 8% of total income with Earnings per share at ₹ 23.99.

Analyzing your Company's consolidated results by the two segments it operates in, International IT services contributed 38% of total revenues and 81% of PAT while Domestic products and services contributed to 62% of the total revenues and 19% of PAT.

International IT Services total revenue is ₹ 112,052 Lakhs, growth of 21% and $ 161 million in US $ terms with a growth of 12% in revenues. Your Company has managed to declare good results consistently because of its focus on serving and growing its existing customers, new customer additions of 31 throughout the Financial Year, and maintaining resource utilization at 86% over the Financial Year under review.

Domestic products and services has showed growth of 30% in PAT. The focus in this business has always been to manage Return on Capital Employed (ROCE), which is 27% for the year under review.

Your Company during the Financial Year under review had a stronger consolidated Balance Sheet and has approximately ₹ 32,047 Lakhs of cash and cash equivalents, showing Return on Capital employed (ROCE) of 34% and Earnings per share at ₹ 23.99 per share.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIVIDEND / TRANSFER TO RESERVES

Considering the better liquidity position of the Company, the Board of Directors of your Company are pleased to recommend payment of a final dividend of ₹ 8/- per equity share @ 800% on par value of ₹ 1/- each, subject to the approval of the shareholders at the forthcoming Annual General Meeting, which along with the interim dividend of ₹ 4.75/- per equity share adds upto a total dividend of ₹ 12.75/- per equity share for financial year 2018-19.

If approved, the final dividend will be paid to all those equity shareholders whose names appear on the Register of Members of the Company on 31st July, 2019 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, 2019.

The paid up share capital of your Company is ₹ 105,159,306 divided into 105,159,306 equity shares of ₹ 1/- 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 five times. The Meetings were held on 22nd May, 2018, 3rd July, 2018, 13th August, 2018, 2nd November, 2018 and 8th February, 2019.

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). The Board recommends his appointment for consideration of members of the Company. Brief profile of Mr. Viren Raheja is given in the notes to the Notice of the ensuing AGM.

During the Financial Year under review, Mr. Kundan K Lal, Company Secretary, designated as a Key Managerial Personnel, resigned from the services of the Company with effect from 14th March, 2019.

The tenure of the Independent Directors of the Company ends in August 2019. Mr. B. K. Syngal and Mr. Suresh Talwar who have attained the age of 75 years continue to be Independent Directors of the Company with effect from 1st April, 2019 till the completion of their present term.

However Mr. B. K. Syngal and Mr. Suresh Talwar have expressed their intention of not seeking re-appointment. The Board places on record its appreciation for the valuable guidance given by Mr. B.K. Syngal and Mr. Suresh Talwar during their tenure as Directors of the Company. Further, on recommendation of Nomination and Remuneration Committee the Board of Directors in their meeting held on 30th May, 2019 have recommended reappointment of Mr. Pradip P Shah and Ms. Radhika Rajan as Independent Directors of the Company for the approval of member's in ensuing Annual General Meeting.

INDEPENDENT DIRECTORS

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

All the Independent Directors of the Company have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Act and Regulation 16(1)(b) of Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct.

DIRECTOR'S RESPONSIBILITY STATEMENT

In pursuance of Section 134(3)(c) read with 134(5) of the Companies Act, 2013, the Directors hereby confirm that:

a) in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed there are no material departures in the adaption of the applicable accounting standards;

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 the Company at the end of the Financial Year and of the profit and loss of the 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, 2013 for safeguarding the assets of the 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 the 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

The Audit Committee comprises of Mr. B K Syngal (Chairman), Mr. Pradip P Shah, Mr. S B Ghia, Mr S N Talwar and Ms Radhika Rajan as its members. The Committee met four times during the year under review and all its recommendations were accepted by the Board.

Your Company has established Vigil Mechanism which provides for direct access to the Chairperson of the Audit Committee in cases that require reporting about the unethical behaviour, actual or suspended 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 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.

NOMINATION AND REMUNERATION COMMITTEE & STAKEHOLDERS RELATIONSHIP COMMITTEE

The Nomination and Remuneration Committee comprises of Mr. Suresh Talwar (Chairman), Mr. Viren Raheja, Mr. B K Syngal and Mr. S B Ghia 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 the Company https://www.sonata-software.com/corporate-governance-policies

The Stakeholders Relationship Committee comprises of Mr. S B Ghia (Chairman), Mr. P Srikar Reddy and Ms. Radhika Rajan as its members.

DIVIDEND DISTRIBUTION POLICY

As required under SEBI (LODR) Regulations, 2015 your Company has established Dividend Distribution Policy with effect from 3rd February, 2017. The Dividend Distribution Policy is available on the website of the Company https://www.sonata-software.com/sites/default/files/reports/DIVIDEND%20DISTRIBUTION%20POLICY.pdf.

SUBSIDIARY COMPANIES

The Consolidated financial statements of your Company and its Subsidiaries viz., Sonata Information Technology Limited, Sonata Software North Amercia Inc., USA (formerly known as Offshore Digital Services Inc), Sonata Software GmbH, Germany, Sonata Europe Limited, UK, Sonata Software FZ LLC, Dubai, Sonata Software (Qatar) LLC, Rezopia Inc., USA, Halosys Technologies Inc., USA, Interactive Business Information Systems Inc., USA, Scalable Data Systems Pty Ltd., Australia and Sopris Systems LLC., USA duly audited are presented as part of this Report in accordance with the Companies Act, 2013, Ind AS 110 and the Listing Agreement with the Stock Exchanges, wherever applicable. The statement pursuant to the proviso 129(3) of the Companies Act, 2013, containing salient features of the Financial Statement of the Company's Subsidiaries in Form AOC-1 is given in **ANNEXURE I**.

During the Financial Year Company acquired Scalable Data Systems Pty Ltd., an Australian Company and also acquired Sopris Systems LLC., a Delaware Company through Sonata Software North Amercia Inc., a Wholly Owned Subsidiary of the Company.

The financial statements of the Subsidiaries audited for the purpose of consolidation shall be placed on your Company's website and made available for inspection by any Shareholder at the Company's Registered Office and at the respective registered offices of the Subsidiary companies. Copies can be made available on request, to the shareholders of the Company.

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/corporate-governance-policies.

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.

Mr. P Srikar Reddy, Managing Director & CEO who was granted Options to purchase equivalent shares under the Plan had during the Financial Year under review, exercised 20,000 Options at an exercise price of ₹ 149.65 per share, which were vested on him as on 28th May, 2018. Further Mr Prasanna Oke, CFO was granted Options to purchase equivalent shares under the Plan had during the Financial Year under review, exercised 30,000 Options at an exercise price of ₹ 165.75 per share, which were vested on him as on 19th May, 2017, and also exercised 30,000 Options at an exercise price of ₹ 165.75 per share, which were vested on him as on 19th May, 2018.

Pursuant to the requirements of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, a certificate has been issued by the Statutory Auditors of the Company confirming that the Plan has been implemented in accordance with the said Regulations and in accordance with the resolution of the Company in the General Meeting. A copy of the Certificate shall be placed before the Shareholders for inspection at the ensuing Annual General Meeting.

As required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the applicable disclosures as on 31st March, 2019 are uploaded on the website of the Company www.sonata-software.com.

SECRETARIAL AUDIT

The Board appointed Mr. Vijayakrishna K T, Practising Company Secretary as the Secretarial Auditor for the financial year 2018-19. The Secretarial Audit Report for the financial year ended 31st March, 2019 is annexed to this Report as **ANNEXURE II**. The report does not contain any qualification, reservation or adverse remark.

COST AUDIT

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

QUALIFICATIONS IN AUDIT REPORTS

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

STATUTORY AUDITORS

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

SECRETARIAL STANDARDS

Your Company has complied with the provisions of the Secretarial Standards 1 & 2 issued by the Institute of Company Secretaries of India.

EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of Annual Return in form MGT 9 is annexed to this Report as **ANNEXURE III**.

RECOGNITION

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

- MS certified Platform solutions - Brick & Click and Modern Distribution 2018-19
- Membership in Microsoft Dynamics Inner Circle 2018-2019
- Featured in the Leadership Zone of service providers in two key categories - Independent Software Vendors (ISVs) and Consumer Software Service Providers by Zinnov Management Consulting Pvt. Ltd. Sonata has also been ranked as an established, niche R&D service provider on the overall front
- Sonata Software has been assessed at CMMI Level 5 (Version 1.2-Development Model) for its development centres in Bangalore and Hyderabad

QUALITY

Your Company continues to focus on customer satisfaction and operational effectiveness by aligning its processes to leading Industry standards and Best Practices. During the year under review, your Company successfully completed recertification audits of its Quality Management System aligning to ISO 9001-2015 (overall quality management system), ISO 20000-1 (IT service management) and also the annual surveillance audit for ISO 27001 (information security).

Your Company continues to enhance the effectiveness of its delivery to all customers. We continue to drive towards achieving world class practices and processes for world class delivery.

In terms of Customer Satisfaction, your Company has been able to achieve an overall aggregated score of 4.1 out of a possible top score of 5 this year, from key delivery project customers.

The year under review saw continued adoption on 'Design Thinking' as a standard operational practice for solving complex problems and issues, both for customers as well as internal stakeholders. We renewed our commitment to implement our Sonata-specific 'Customer Value Measurement' methodology in all our key customer engagements. Focus on automation of processes and enhancing internal tools for continuous improvements to service delivery continues.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

(A) Conservation of energy

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

- Deployment of energy-efficient computers and sophisticated office automation and management equipment with the latest technologies, which optimizes conservation of energy and create an environmentally friendly work environment
- Installing LED lights which reduces electricity consumption
- Installation of sensors at work space area resulting in lights automatically getting switched off in areas not in use.
- Continuous monitoring of floor areas after normal working hours and switching off lights
- Turning off air conditioners during non-peak hours and on weekends
- Installing of Energy Meters for closed monitoring of AHU run hours on daily basis.
- Regular UPS and AC plant maintenance to ensure efficient working of the equipment.

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

- Replacing the conventional UPS in our Hyderabad facility with state of the art new technology UPS which has significantly reduced the power consumption up to 20%
- Replacing the CFL based lighting in our Hyderabad facility to LED based lighting in phases which has given immense savings in Electricity consumption.
- Air-conditioning staggered mode of operation resulting in reduction in fuel consumption
- Installing tap aerators resulting in saving of water.
- Replacing old monitors with energy efficient monitors which leads to significant reduction in energy consumption.
- Migration of in-house computing infrastructure to cloud lead to significant energy and cost savings.

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

(B) Technology absorption

During the Financial Year under review, your Company focused its efforts and built competencies in areas of new technologies like RPA, Chatbots, Machine learning & strengthened other competencies like Mobility, Omni Channel Commerce, Analytics and Cloud. Dedicated Competency teams were setup for each of these. Your Company has progressed well with its proprietary model of achieving digital transformation called Platformation. Your Company continued to invest in differentiated IP and platforms across industry verticals of Travel, Retail, Distribution and software solutions.

(C) Foreign exchange earnings and Outgo

During the Financial Year under review, 93% of the revenue came from exports of developed software and related services to clients in USA, UK, Australia, Germany, UAE, Japan, Singapore, Denmark and Europe.

Foreign Exchange outgo on account of travelling, professional and legal charges, subsistence/living costs, overseas salaries, capital goods, etc was ₹ 12,170 Lakhs and Foreign Exchange inflow on account of export of software services (net), goods and other operating revenues was ₹ 77,070 Lakhs.

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

PUBLIC DEPOSITS

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

HUMAN RESOURCES MANAGEMENT

During the financial year under review, your Company and its employees were part of the following activities:

- Senior Leadership Development through customised programs on Business Leadership, Design Thinking & sponsoring leaders to Strategic Leadership Programs with B-schools.

- Continued focus on culture change by imbibing Design Thinking principles and mindset in all customer facing and managerial roles. Trained over 500 Sonatians on Design Thinking. We have been able to do workshops with customers and reap huge benefits from this exercise. Clients came forward with their testimonials of the benefits of Design Thinking approach we used.
- Sonata provided grant to IIITB to support scientific research to accelerate digital and platform based business transformation. The three-year project, funded to the tune of INR 1.05 Crores, will focus on research fellowship and evangelization of technology for platform based digital business transformation. Sonata has been at the forefront of enabling digital transformation through platform based technology and business models through its proprietary Platformation™ methodology.
- Sonata partnered with IvyCamp to launch an Open Innovation Program. Sonata Program is specially designed by IvyCamp for Sonata Software, and seeks to invite startups working on new-age technology solutions in IOT, AI, Machine Learning, Real-time analytics, Mobility and others. Sonata's strategic partnership with IvyCamp is in line with its overall direction and focus of integrating innovation into its offerings. IvyCamp has designed and led several such corporate start up engagement programs.
- To help rebuild lives of those affected by the floods in Kerala and Karnataka, Sonata conducted a 'Help Rebuild Kerala & Kodagu' campaign and ₹ 13.65 Lakhs was mobilized through employee contributions. The funds collected was handed directly to the Chief Minister's Relief Fund / authorized Relief organizations for both the states of Kerala and Karnataka.
- To enable a high-trust, high-performance culture, aligned to our future vision and transformation journey we participated in the Great Place to Work® Employee Engagement Survey. 82% of the employees voiced opinion through the survey.

  Work is in progress to leverage our strengths and action development areas that need attention as observed as survey findings.

Further, every year your Company organizes an Annual Communications Meet "ACM" where:

- Your Managing Director along with his Leadership team shared the company strategy, plans & key focus areas. Like all years the telecast this year too was widely viewed across the locations.
- The ACM enabled employees to develop a sense of purpose, vision and helped them align and give a deep sense of belonging to the organization's strategy, plans & objectives.
- In addition, we held an ACM in London on 2nd May for employees in the UK. The leadership team spoke about our journey during the year and the road ahead. 150 Sonatians attended the event.

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 Prevention of Sexual Harassment (POSH) Policy in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Your Company through this Policy has constituted a committee and has established a grievance procedure for protection against victimization. The Policy is available on intranet for the employees to access as and when required. One complaint was received and was duly resolved under this Policy during the Financial Year 2018-19

DETAILS OF ADEQUACY OF INTERNAL CONTROLS

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

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

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the Financial Year under review, your Company had given Inter Corporate Deposits at prevailing bank lending rate to its Wholly Owned Subsidiary, Sonata Information Technology Ltd. and Scalable Data Systms Pty. Ltd. for meeting its working capital requirements. The balance outstanding as on 31st March, 2019 is ₹ 245 Lakhs. The maximum amount outstanding at any point of time during the Financial Year has been ₹ 36,014 Lakhs.

Also, your Company has given Corporate Guarantees on behalf of Subsidiaries for facilitating its business needs. The outstanding amount as on 31st March, 2019 is as below:

Name of the Subsidiary	Amount in ₹ Lakhs
Sonata Software North America Inc., USA	2,477
Sonata Information Technology Limited, India	10,873

RISK MANAGEMENT

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

During the Financial Year, your Company has spent ₹ 287 Lakhs towards CSR activities.

Your Company has a Policy on CSR and as part of its implementation program, identified and participated in the following initiatives:

- Partnered with the Indian Institute of Science, Bengaluru to help students to pursue new research initiatives at the Department, & to effectively transmit the excitement of computer science research through targeted student outreach programs, and to materially upgrade the pedagogical infrastructure, resulting in potent learning environments, calendarized campus visits and expert talks.
- Sonata Software with WCT has leveraged our technology expertise to create a digital learning platform and provide collaboration tools between the Teachers and Students in and around Primary and Secondary schools around the Forest buffer zones. The learning app has gone live from April, 17 and has already covered over 60 schools around the Bandipur National Park in Karnataka and is expected to cover 578 schools and over 41,000 students across 4 states in India.
- Sonata is supporting Chitrika by helping them to Digitally

transform their existing website by creating a responsive website. This website has helped the artisans to co-create sustainable and successful business enterprises that are owned & operated by the artisans themselves.

- Sonata's partnership with IIIT-B encompasses research, internships and knowledge sharing between academia and industry to foster innovation at IIIT-B. The program funds research fellowships, advocating technology for digital transformation through workshops/structured courses, framework & course content creation, talks, training sessions.
- Scholarships for economically challenged engineering students – Partnered with SKSVMA Trust to support technical education for economically challenged students in the backward districts of Karnataka. Company is also supporting them to build infrastructure to create Project labs.
- Sonata partnered with The Kishkinda Trust and is in the process of creating an E-Commerce platform for their existing website with Multi-Functionality so that the retail and wholesale buyers will be able to place orders online from artisans.
- Sonata developed a responsive and user-friendly website for CEDI-NIT, Trichy . The existing website was revamped to attract Innovation and Entrepreneurship Projects in the Incubation centre.
- Sonata Software in partnership with Women Weave is in the process of creating an E-commerce platform for their existing website with multi-functionality and multi-currency functionality enabling artisans to reach the market through this E Commerce Platform.

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

BUSINESS RESPONSIBILITY REPORT

The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, mandates inclusion of the Business Responsibility Report (BRR) as part of the Annual Report for top 500 listed entities based on market capitalization. In compliance with the regulation, BRR forms part of the Annual Report and is available on the Company's website at www.sonata-software.com. The BRR contains a detailed report on Business Responsibilities vis-a-vis the nine principles of the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business framed by the Union Ministry of Corporate Affairs. Any shareholder interested in obtaining a copy may write to the Company Secretary at the Registered Office of the Company.

RELATED PARTY TRANSACTIONS

The policy on related party transactions is available on the Company's website at http://www.sonata-software.com/sites/default/files/Policy_on_Related_party_Transactions.pdf

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 V**.

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.

FORMAL ANNUAL EVALUATION

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

REMUNERATION TO DIRECTOR AND EMPLOYEES

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

A statement comprising the names of top 10 employees in terms of remuneration drawn and every person employed throughout the year, who were in receipt of remuneration in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms an integral part of this report. However the same is not being sent along with this Annual Report to the members of the Company in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to the Company Secretary at the Registered Office of the Company. The aforesaid annexure is also available for inspection by the Members at the Registered Office of the Company, 21 days before and upto the date of the ensuing Annual General Meeting during the business hours on working days.

LISTING WITH STOCK EXCHANGES

Your Company confirms that it has paid the Annual Listing Fees for the year 2018-19 to NSE and BSE where your Company's Shares are listed.

CORPORATE GOVERNANCE

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

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

ACKNOWLEDGEMENTS

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

FOR AND ON BEHALF OF THE BOARD
SONATA SOFTWARE LIMITED

Place: Mumbai
Date: May 30, 2019

PRADIP P SHAH
CHAIRMAN

Annexure I

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

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

PART "A": SUBSIDIARIES

(₹ in Lakhs)

Sl. No.	Name of the subsidiary	Sonata Information Technology Ltd.	Sonata Software North America Inc.	Sonata Software FZ LLC	Sonata Software GmbH	Sonata Europe Ltd., UK	Sonata Software (Qatar) LLC	Rezopia Inc. (Refer Note 2)	Halosys Technologies Inc.	Interactive Business Information Systems Inc.	Scalable Data Systems Pty Ltd (Refer Note 1)	Sopris Systems LLC (Refer Note 3)
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	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period
2	Reporting currency	INR	USD	USD	EURO	GBP	USD	USD	USD	USD	AUD	USD
3	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-	USD = ₹ 69.15	USD = ₹ 69.15	Euro = ₹ 77.69	GBP = ₹ 90.52	USD = ₹ 69.15	USD = ₹ 69.15	USD = ₹ 69.15	USD = ₹ 69.15	AUD = ₹ 49.04	USD = ₹ 69.15
4	Share capital	338	207	94	19	2,227	38	*-	43	346	*-	*-
5	Reserves and surplus	20,183	3,791	(581)	310	5,656	(437)	(360)	(1,077)	766	(187)	(689)
6	Total assets	74,592	29,602	1,286	408	12,049	210	532	14	1,587	686	722
7	Total Liabilities	54,071	25,603	1,773	78	4,166	609	892	1,049	475	873	1,411
8	Investments	4,116	14,746	-	-	-	-	-	-	-	-	-
9	Turnover	186,284	51,372	675	716	11,424	187	273	-	4,678	845	517
10	Profit / (Loss) before taxation	7,107	1,451	(268)	41	2,851	(80)	(234)	(228)	965	234	(84)
11	Provision for taxation	2,482	458	-	(20)	569	-	-	-	-	-	-
12	Profit / (Loss) after taxation	4,625	993	(268)	61	2,282	(80)	(234)	(228)	965	234	(84)
13	% of shareholding	100	100	100	100	100	49	100	100	100	100	100

* Share Capital as at March 31, 2019 for Rezopia Inc. is ₹ 5,947, Scalable Data Systems Pty, Ltd. is ₹ 98 and Sopris Systems LLC. is ₹ 138

Notes:

1) On December 21, 2018, Sonata Software Limited has acquired 100% of voting interests in Scalable Data Systems Pty Ltd.
2) On January 10, 2019, Sonata Software North America Inc. (a wholly owned subsidiary of Sonata Software Limited) has acquired remaining 40% of voting interests in Rezopia Inc.
3) On February 15, 2019, Sonata Software North America Inc. (a wholly owned subsidiary of Sonata Software Limited) has acquired 100% of voting interests in Sopris Systems LLC.
4) In the details given above, the reporting currency has been converted to ₹ at the closing exchange rate as on March 31, 2019.
5) Sonata Information technology Ltd. has proposed a final dividend of 50% (₹ 5 per equity share of par value ₹ 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

P SRIKAR REDDY
Managing Director & CEO

PRASANNA OKE
Chief Financial Officer

R SATHYANARAYANA
VP - Finance & Accounts

Place : Mumbai
Date : May 30, 2019

Annexure II

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

To
The Members,
Sonata Software Limited
Mumbai.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Sonata Software Limited** (CIN: L72200MH1994PLC082110) (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 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, 2019 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 Sonata Software Limited for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

   (a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   (b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   (c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;

   (e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations,2013;

   (h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (i) Circulars/Guidelines issued thereunder;

(vi) The Industry specific laws applicable to the Company are as follows:

- The Information Technology Act, 2000
- The Special Economic Zone Act, 2005
- Policy relating to Software Technology Parks of India and its regulations
- The Indian Copyright Act, 1957
- The Patents Act, 1970
- The Trade Marks Act, 1999

(vii) The other general laws as may be applicable to the Company including the following:

- Karnataka Shops & Commercial Establishment Act & Rules
- The ESI Act & General Regulations
- The Employees Provident Funds & Miscellaneous Provisions Act
- The Minimum Wages Act & Rules
- The Payment of Wages Act & Rules
- The Payment of Gratuity Act & Rule.
- The Payment of Bonus Act & Rules
- The Maternity Benefit Act.
- The Equal Remuneration Act
- The Employment Exchanges (CNV) Act & Rules
- The Karnataka Labour Welfare Fund Act & Rules
- Industrial Employment Standing Orders Act.
- The Karnataka (National & Festival) Holidays Act &Rules
- The sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act.
- For majority of Central Labour Laws, the States have introduced Rules [names of each of the Rules is not included here]
- The Competition Act, 2002
- The Indian Contract Act, 1872
- The Sales of Goods Act, 1930
- The Indian Stamp Act, 1899
- The Transfer of Property Act, 1882

I have also examined compliances with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General meeting i.e. SS-1 and SS-2.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Certain non material findings made during the course of the audit relating to Company Law and Labour Laws were addressed suitably by the Management.

Further, I report that with regard to financial and taxation matters, I have relied on the draft Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

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 (in certain instances, detailed notes on agenda were sent within seven days, with the consent of Directors), 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.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

I further report that 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.

Place: Bengaluru
Date: May 30, 2019

Vijayakrishna K T
FCS No.: 1788
C P No.: 980

Note: This report is to be read with our letter of even date which is annexed as Annexure and forms an integral part of this report.

'ANNEXURE'

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of Financial records and Books of Accounts of the Company including records under Income Tax Act, Customs Act, Goods and Service Tax.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
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 procedures 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: May 30, 2019

Vijayakrishna K T
FCS No.: 1788
C P No.: 980

Annexure III

EXTRACT OF ANNUAL RETURN

For the financial year ended on 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	L72200MH1994PLC082110
ii	Registration Date	October 18, 1994
iii	Name of the Company	SONATA SOFTWARE LIMITED
iv	Category/Sub-category of the Company	Public Limited Company
v	Address of the Registered office & contact details	No 208 T V Industrial Estate, 2nd Floor, S K Ahire Marg, Worli, Mumbai - 400030. Tel : 91 - 22- 24943055 Email: info@sonata-software.com
vi	Whether listed company	Listed on NSE and BSE
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Fintech Pvt Ltd Registrars and Share Transfer Agents Karvy Selenium-Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032, India Tel : (080) 67782408,

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the Company
1	Other Information Technology and Computer Services activities	62099	100%

III PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES

Sl. No	Name of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Sonata Information Technology Limited	U72300MH2000PLC127476	Subsidiary	100	2(87)(ii)
2	Sonata Software North America (Inc.)	Not Applicable	Subsidiary	100	2(87)(ii)
3	Sonata Europe Limited	Not Applicable	Subsidiary	100	2(87)(ii)
4	Sonata Software GmbH	Not Applicable	Subsidiary	100	2(87)(ii)
5	Rezopia Inc.	Not Applicable	Subsidiary	100% held by Sonata Software North America Inc.	Expln (a) to Section 2(87)
6	Sonata Software FZ-LLC	Not Applicable	Subsidiary	100	2(87)(ii)
7	Sonata Software (Qatar) LLC	Not Applicable	Subsidiary	49	2(87)(i)
8	Halosys Technologies Inc.	Not Applicable	Subsidiary	100% held by Sonata Software North America Inc.	Expln (a) to Section 2(87)
9	Interactive Business Information Systems Inc.	Not Applicable	Subsidiary	100% held by Sonata Software North America Inc.	Expln (a) to Section 2(87)
10	Scalable Data Systems Pty Ltd	Not Applicable	Subsidiary	100	2(87)(ii)
11	Sopris Systems LLC	Not Applicable	Subsidiary	100% held by Sonata Software North America Inc.	Expln (a) to Section 2(87)

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total equity)

(i) Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2018)				No. of Shares held at the end of the year (as on 31st March 2019)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters and Promoter Group									
(1) Indian									
a) Individual/HUF	29452210	0	29452210	28.01	28187450	0	28187450	26.80	1.20
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	3097951	0	3097951	2.95	1436000	0	1436000	1.37	1.58
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A) (1)	**32550161**	**0**	**32550161**	**30.95**	**29623450**	**0**	**29623450**	**28.17**	**-2.78***
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
f) Any other...	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**32550161**	**0**	**32550161**	**30.95**	**29623450**	**0**	**29623450**	**28.17**	**-2.78**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds/UTI	4973540	0	4973540	4.73	10245854	0	10245854	9.74	5.01
b) Banks/FI	97211	0	97211	0.09	125726	0	125726	0.12	0.03
c) Central govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) Foreign Institutional Investors	15430552	0	15430552	14.67	14546986	0	14546986	13.83	-0.84
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
j) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(1)	**20501303**	**0**	**20501303**	**19.50**	**24918566**	**0**	**24918566**	**23.70**	**4.20**
(2) Non Institutions									
a) Bodies corporates	6955552	6000	6961552	6.62	6819592	6000	6825592	6.49	-0.13
b) Individuals									0.00
i) Individual shareholders holding nominal share capital upto ₹1 Lakhs	19359581	1130259	20489840	19.48	17919129	931481	18850610	17.93	-1.56
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 Lakhs	20373657	0	20373657	19.37	20708386	0	20708386	19.69	0.32

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1st April 2018)				No. of Shares held at the end of the year (as on 31st March 2019)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others (specify)									
Directors	1231500	0	1231500	1.17	1256500	0	1256500	1.19	0.02
Clearing members	203521	0	203521	0.19	105501	0	105501	0.10	-0.09
Directors and their relatives	200000	0	200000	0.19	200000	0	200000	0.19	0.00
IEPF	199156	0	199156	0.19	224930	0	224930	0.21	0.02
NBFC	78750	0	78750	0.07	35880		35880	0.03	-0.04
Non Resident Indians	562500	0	562500	0.53	517528	0	517528	0.49	-0.04
NRI NON-REPATRIATION	426971	0	426971	0.41	590488	0	590488	0.56	0.16
Trusts	1380395	0	1380395	1.31	1301875	0	1301875	1.24	-0.07
Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(2):	**50971583**	**1136259**	**52107842**	**49.55**	**49679809**	**937481**	**50617290**	**48.13**	**-1.42**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**71472886**	**1136259**	**72609145**	**69.05**	**74598375**	**937481**	**75535856**	**71.83**	**2.78**
C. Shares held by Custodian for GD₹ & AD₹"	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**104023047**	**1136259**	**105159306**	**100.00**	**104221825**	**937481**	**105159306**	**100**	

* The Promoters were reclassified from promoter category to public category w.e.f. 19th October, 2018

(ii) Shareholding of Promoters

Sl No.	Shareholders Name	Shareholding at the beginning of the year (1st April, 2018)			Shareholding at the end of the year (31st March, 2019)			% change in shareholding during the year
		No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	VIREN RAJAN RAHEJA	8250000	7.85	0	8250000	7.85	0	0
2	AKSHAY RAJAN RAHEJA	8250000	7.85	0	8250000	7.85	0	0
3	SUMAN RAHEJA	6900000	6.56	0	6900000	6.56	0	0
4	RAJAN B RAHEJA	4787450	4.55	0	4787450	4.55	0	0
5	BHUPATI INVESTMENTS AND FINANCE PRIVATE LIMITED *	1561951	1.49	0.35	0	0.00	0	0
6	EXCELSIOR CONSTRUCTION COMPANY PRIVATE LIMITED	1150000	1.09	0	1150000	1.09	0	0
7	MUKUND D DALAL *	1036260	0.99	0	0	0.00	0	0
8	BELA M DALAL *	223500	0.21	0	0	0.00	0	0
9	TROPHY INVESTMENT & FINANCE PRIVATE LIMITED	143000	0.14	0	143000	0.14	0	0
10	GSTAAD INVESTMENT & FINANCE PRIVATE LIMITED	143000	0.14	0	143000	0.14	0	0
11	DALTREYA INVESTMENT & FINANCE PRIVATE LTD *	100000	0.10	0	0	0	0	0
12	SHYAM BHUPATIRAI GHIA *	5000	0.00	0	0	0	0	0
	Total	**32550161**	**30.95**	**0.35**	**29623450**	**28.17**	**0.00**	**0.00**

* The Promoters were reclassified from promoter category to public category w.e.f 19th October, 2018

(iii) Change in Promoter's Shareholding

Sl. No.	Name of the shareholder	Shareholding		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Sale of shares	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	NIL	NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No	For Each of the Top 10 Shareholders	Shareholding at end of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1st April 2018 to 31st March 2019)	
		No. of Shares at the beginning (1st April 2018)/end of the year 31st March 2018	% of total shares of the company				No of shares	% of total shares of the company
1	**HEMENDRA M KOTHARI**	10660026	10.14	01/04/2018	-	Nil movement during the year		
				31/03/2019			10660026	10.14
2	**GOLDMAN SACHS INDIA LIMITED**	3809571	3.62	01/04/2018				
				13/04/2018	-201172	Transfer	3608399	3.43
				20/04/2018	-135336	Transfer	3473063	3.30
				27/04/2018	-5578	Transfer	3467485	3.30
				12/10/2018	-140543	Transfer	3326942	3.16
				30/11/2018	-344861	Transfer	2982081	2.84
				07/12/2018	-108312	Transfer	2873769	2.73
				31/03/2019			2873769	2.73
3	**HDFC SMALL CAP FUND ^**	3711457	3.53	01/04/2018				
				06/04/2018	58200	Transfer	3769657	3.58
				13/04/2018	100000	Transfer	3869657	3.68
				20/04/2018	20000	Transfer	3889657	3.70
				25/05/2018	25000	Transfer	3914657	3.72
				01/06/2018	16000	Transfer	3930657	3.74
				08/06/2018	80500	Transfer	4011157	3.81
				22/06/2018	24000	Transfer	4035157	3.84
				27/07/2018	45500	Transfer	4080657	3.88
				07/09/2018	197000	Transfer	4277657	4.07
				14/09/2018	352800	Transfer	4630457	4.40
				21/09/2018	372000	Transfer	5002457	4.76
				28/09/2018	155000	Transfer	5157457	4.90
				05/10/2018	227000	Transfer	5384457	5.12
				12/10/2018	255000	Transfer	5639457	5.36
				19/10/2018	96200	Transfer	5735657	5.45
				02/11/2018	48000	Transfer	5783657	5.50
				14/12/2018	37000	Transfer	5820657	5.54
				21/12/2018	32000	Transfer	5852657	5.57
				28/12/2018	18000	Transfer	5870657	5.58
				11/01/2019	46000	Transfer	5916657	5.63
				18/01/2019	70400	Transfer	5987057	5.69
				25/01/2019	171000	Transfer	6158057	5.86
				01/02/2019	75000	Transfer	6233057	5.93
				08/02/2019	90700	Transfer	6323757	6.01
				15/02/2019	78800	Transfer	6402557	6.09
				22/02/2019	308850	Transfer	6711407	6.38
				01/03/2019	1054150	Transfer	7765557	7.38

Sl. No	For Each of the Top 10 Shareholders	Shareholding at end of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1st April 2018 to 31st March 2019)	
		No. of Shares at the beginning (1st April 2018)/end of the year 31st March 2018	% of total shares of the company				No of shares	% of total shares of the company
				08/03/2019	143000	Transfer	7908557	7.52
				29/03/2019	55000	Transfer	7963557	7.57
				31/03/2019			7963557	7.57
4	**ORANGE MAURITIUS INVESTMENTS LIMITED**	1844171	1.75	01/04/2018	-	Nil movement during the year		
				31/03/2019			1844171	1.75
5	**BHUPATI INVESTMENTS AND FINANCE PRIVATE LIMITED#**	1559397	1.48	01/04/2018				
				22/02/2019	-6297	Transfer	1553100	1.48
				31/03/2019			1553100	1.48
6	**SANKARAN RAMACHANDRAN (SSLEW TRUST)**	1379875	1.31	01/04/2018				
				08/06/2018	-30000	Transfer	1349875	1.28
				21/09/2018	-30000	Transfer	1319875	1.26
				26/10/2018	-20000	Transfer	1299875	1.24
				31/03/2019			1299875	1.24
7	**CREDIT SUISSE (SINGAPORE) LIMITED**	1183049	1.13	01/04/2018				
				02/11/2018	-1707	Transfer	1181342	1.12
				09/11/2018	-606	Transfer	1180736	1.12
				23/11/2018	-8903	Transfer	1171833	1.11
				30/11/2018	-6875	Transfer	1164958	1.11
				07/12/2018	-687	Transfer	1164271	1.11
				14/12/2018	-92651	Transfer	1071620	1.02
				21/12/2018	-12947	Transfer	1058673	1.01
				15/02/2019	-19021	Transfer	1039652	0.99
				22/02/2019	-21307	Transfer	1018345	0.97
				08/03/2019	-23103	Transfer	995242	0.95
				15/03/2019	-31593	Transfer	963649	0.92
				31/03/2019			963649	0.92
8	**SHOBITA SAIGAL**	1037156	0.99	01/04/2018				
				25/05/2018	1404	Transfer	1038560	0.99
				31/08/2018	1000	Transfer	1039560	0.99
				07/09/2018	995	Transfer	1040555	0.99
				01/02/2019	700	Transfer	1041255	0.99
				15/03/2019	-600	Transfer	1040655	0.99
				31/03/2019			1040655	0.99
9	**MUKUND D DALAL#**	1036260	0.99	01/04/2018	-	Nil movement during the year		
				31/03/2019			1036260	0.99
10	**REETH PROPERTIES LLP**	1000000	0.95	01/04/2018				
				01/03/2019	-135000	Transfer	865000	0.82
				31/03/2019			865000	0.82
11	**GARONDA REAL ESTATE LLP**	1000000	0.95	01/04/2018				
				01/03/2019	-72176	Transfer	927824	0.88
				08/03/2019	-125826	Transfer	801998	0.76
				31/03/2019			801998	0.76
12	**OPTIMUM STOCK TRADING CO. PVT LTD**	1000000	0.95	01/04/2018	-	Nil movement during the year		
				31/03/2019			1000000	0.95

Sl. No	For Each of the Top 10 Shareholders	Shareholding at end of the year		Date	Increase/ Decrease in Shareholding	Reason	Cumulative Shareholding during the year (1st April 2018 to 31st March 2019)	
		No. of Shares at the beginning (1st April 2018)/end of the year 31st March 2018	% of total shares of the company				No of shares	% of total shares of the company
13	**L&T MUTUAL FUND TRUSTEE LIMITED-L&T EMERGING BUSINESS FUND***	0	0.00	01/04/2018				
				13/07/2018	35892	Transfer	35892	0.03
				20/07/2018	409325	Transfer	445217	0.42
				27/07/2018	9826	Transfer	455043	0.43
				10/08/2018	50438	Transfer	505481	0.48
				17/08/2018	1972	Transfer	507453	0.48
				24/08/2018	224965	Transfer	732418	0.70
				28/09/2018	294241	Transfer	1026659	0.98
				05/10/2018	11	Transfer	1026670	0.98
				16/11/2018	116618	Transfer	1143288	1.09
				23/11/2018	39712	Transfer	1183000	1.12
				30/11/2018	175000	Transfer	1358000	1.29
				14/12/2018	23788	Transfer	1381788	1.31
				28/12/2018	1194	Transfer	1382982	1.32
				31/12/2018	18680	Transfer	1401662	1.33
				04/01/2019	30187	Transfer	1431849	1.36
				11/01/2019	101009	Transfer	1532858	1.46
				18/01/2019	77	Transfer	1532935	1.46
				08/02/2019	147594	Transfer	1680529	1.60
				15/02/2019	121364	Transfer	1801893	1.71
				22/02/2019	6935	Transfer	1808828	1.72
				15/03/2019	2733	Transfer	1811561	1.72
				22/03/2019	8189	Transfer	1819750	1.73
				31/03/2019			1819750	1.73

* Not in the list of top 10 shareholders as on 01/04/2018. The same has been reflected above since the shareholder was one of the top 10 shareholders as on 31/03/2019.

The shareholder was reclassified from promoter category to public category w.e.f 19th October, 2018

^ Shareholding is consolidated based on PAN irrespective of schemes/sub-accounts

(v) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
1	**VIREN RAJAN RAHEJA**				
	At the beginning of the year	8250000	7.85	8250000	7.85
	Increase/decrease in Shareholding during the year	0	0.00	0	0.00
	At the end of the year (or on the date of separation, if separated during the year)	8250000	7.85	8250000	7.85
2	**SHYAM BHUPATIRAI GHIA**				
	At the beginning of the year	5000	0.00	5000	0.00
	Increase/decrease in Shareholding during the year	0	0.00	0	0.00
	At the end of the year (or on the date of separation, if separated during the year)	5000	0.00	5000	0.00
3	**SURESH N TALWAR**				
	At the beginning of the year	50000	0.05	50000	0.05
	Increase/decrease in Shareholding during the year		0.00	0	0.00
	At the end of the year (or on the date of separation, if separated during the year)	50000	0.05	50000	0.05

Sl. No	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the Company	No.of shares	% of total shares of the Company
4	**SRIKAR PALEM REDDY**				
	At the beginning of the year	1181500	1.12	1181500	1.12
	Purchase (through ESOP)	20000	0.02	1201500	1.14
	Sale	0	0.00	0	0.00
	At the end of the year	1201500	1.14	1201500	1.14
5	**PRASANNA OKE**				
	At the beginning of the year	0	0.00	0	0.00
	Purchase (through ESOP)	60000	0.06	60000	0.06
	Sale	15000	0.01	45000	0.04
	At the end of the year	45000	0.04	45000	0.04

V INDEBTEDNESS

(₹ in Lakhs)

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the Financial Year 01.04.2018				
i) Principal Amount	-	-		-
ii) Interest due but not paid	-	-		-
iii) Interest accrued but not due	-	-		-
Total (i+ii+iii)	**-**	**-**		**-**
Change in Indebtedness during the Financial Year				
Additions	1,879	-		1,879
Reduction	1,879	-		1,879
Net Change	-	-		-
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil		Nil
ii) Interest due but not paid	Nil	Nil		Nil
iii) Interest accrued but not due	Nil	Nil		Nil
Total (i+ii+iii)	**-**	**-**		**-**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Name of the MD/ WTD/Manager	Total Amount
		Mr. P Srikar Reddy	
1	**Gross salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	332	332
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	1	1
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
2	Stock option*	31	31
3	Sweat Equity	-	-
4	Commission as % of profit	124	124
	others (specify)	-	-
5	Others, please specify	-	-
	Total (A)	**488**	**488**
	Ceiling as per the Act		**1,229**

* Includes only the value of shares that have been exercised during the year. The value is in accordance with the definition of perquisites under Income tac act, 1961.

B. Remuneration to other directors:

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Name of the Directors				Total Amount
1	**Independent Directors**	**Mr. Pradip P Shah**	**B K Syngal**	**Mr. S N Talwar**	**Ms. Radhika Rajan**	
	(a) Fee for attending board committee meetings	2	2	3	3	10
	(b) Commission	41	41	41	41	164
	(c) Others, please specify	-	-	-	-	-
	Total (1)	**43**	**43**	**44**	**44**	**174**
2	**Other Non Executive Directors**	**Mr. Viren Raheja**	**Mr. S B Ghia**			
	(a) Fee for attending board committee meetings	2	4			6
	(b) Commission	41	41			82
	(c) Others, please specify.	-	-			0
	Total (2)	**43**	**45**			**88**
	Total (B)=(1+2)	**86**	**88**	**44**	**44**	**262**
	Total Managerial Remuneration					**750**
	Overall Ceiling as per the Act.					**2,703**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
1	**Gross Salary**	**CEO**	**Company Secretary (Mr. Kundan K Lal)***	**CFO**	**Total**
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	Already stated above	43	111	154
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-	-	-
2	Stock Options#		-	119	119
3	Sweat Equity		-	-	-
4	Commission as % of profit		-	-	-
	others, specify		-	-	-
5	Others, please specify		-	-	-
	Total		**43**	**230**	**273**

*upto 14th March, 2019

Includes only the value of shares that have been exercised during the year. The value is in accordance with the definition of perquisites under Income tax act, 1961.

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties/punishment/compounding of offences for the year ending March 31, 2019

FOR AND ON BEHALF OF THE BOARD
SONATA SOFTWARE LIMITED

Place: Mumbai
Date: May 30, 2019

PRADIP P SHAH
CHAIRMAN

Annexure IV

ANNUAL REPORT ON CSR

1. The CSR policy lays down the vision statement for the Company which 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 the Company's CSR 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, initiatives are focused towards those programmes which directly or indirectly benefit the community and society at large by enhancing the quality of life and economic well-being of the local populace through continuous efforts.

2. The CSR Committee comprises of the following Members-
   i. Mr. S B Ghia (Chairman)
   ii. Mr. S N Talwar
   iii. Mr. P Srikar Reddy
3. Average net profits of the Company for the last three Financial Years is ₹ 13,829 Lakhs.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) is ₹ 277 Lakhs.
5. Details of CSR spend during the Financial Year 2018-19:
   a) Total amount spent for the Financial Year 2018-19 was ₹ 287 Lakhs.
   b) Amount unspent was Nil.
   c) Manner in which the amount spent during the Financial Year 2018-19 is detailed below -

(₹ in Lakhs)

Sl. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1)Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub Heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Creation of ecommerce platform with multi functionality for wholesalers and retailers	Traditional Arts, Textiles and Handicrafts	Maheshwar, Madhya Pradesh	56	(1) 54 (2) 3	57	Direct
2	Technology enabled platform for primary schools around Buffer zones	Education and the Environment	Bandipur, Tamil Nadu	68	(1) 66 (2) 3	69	Direct
3	Creation of ecommerce platform with multi functionality and multi-currency	Traditional Arts, Textiles and Handicrafts	Anegundi,Karnataka	33	(1) 32 (2) 2	34	Direct
4	Support Education, Research and Outreach programs	Education and the Environment	Bengaluru, Karnataka	36	(1) 36 (2) 2	38	IISc Bengaluru
5	Support Evangelization of Technology for Digital Transformation and Research	Education and the Environment	Bengaluru, Karnataka	35	(1) 35 (2) 2	37	IIIT Bengaluru
6	Digitally empowered ecosystem for Artisans and Weavers	Traditional Arts, Textiles and Handicrafts	Hyderabad, Andhra Pradesh	24	(1) 24 (2) 1	25	Direct

(₹ in Lakhs)

Sl. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1)Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub Heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
7	Developing a website for CEDI NITT	Education and the Environment	Trichy, Tamil Nadu	6	(1) 6	6	Direct
8	Creation of Back-end Invoicing module for Ecommerce platform	Traditional Arts, Textiles and Handicrafts	HSR, Bengaluru	2	(1) 2 (2) 1	3	Direct
9	Scholarship for technical education for economically challenged students and Project lab	Education and the Environment	Gadag, Karnataka	7	(1) 7	7	SKSVMA Charitable Trust
10	Application Support for developed Applications	All	India	10	(1) 11	11	CEDI-NITT, DHF, Industree, INTACH & RiVER
			TOTAL	**277**		**287**	

6. In alignment with its vision, the Company has strived consistently to create value to the society and community in which it operates and is committed to promote sustainable growth. The spend has increased as compared to last year and the Company will continue its efforts towards channelizing the funds allocated for this purpose.

7. The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

P. Srikar Reddy
Managing Director and CEO

S. B. Ghia
Chairman of CSR Committee

Place: Mumbai
Date: May 30, 2019

ANNEXURE V

Particulars of Contracts / Arrangements made with Related Parties

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

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

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

   There were no contracts / arrangements / transactions entered into during the year ended 31st March 2019, 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 Software GmbH	Sonata Europe Ltd., UK	Sonata Software (Qatar) LLC	Rezopia Inc.	Halosys Technologies Inc	Scalable Data Systems Pty Ltd	Interactive Business Information Systems Inc.
Nature of relationship	**Wholly owned subsidiary**	**Wholly owned subsidiary**	**Wholly owned subsidiary**	**Wholly owned subsidiary**	**Wholly owned subsidiary**	**Subsidiary with 49% holding**	**Wholly owned subsidiary**	**Wholly owned subsidiary**	**Wholly owned subsidiary**	**Wholly owned subsidiary**
Nature of contracts/ arrangements/ transactions:										
Rendering of services	1,630	32,524	362		7,090	-	61	-	-	1,140
Software license fees paid	786	-	-	-	-	190	-	-	-	6
Service charges recovered	453	-	-	-	-	-	-	-	-	-
Inter corporate deposits given	16,356	-	-	-	-	-	-	-	448	-
Inter corporate deposits recovered	16,356	-	-	-	-	-	-	-	196	-
Interest received on inter corporate deposits	106	-	-	-	-	-	-	-	1	-
Recovery of rent	54	-	-	-	-	-	-	-	-	-
Dividend received	338	-	-	-	-	-	-	-	-	-
Commission received on guarantees given on behalf of Subsidiary	55	28	-	-	-	-	-	-	-	-

Notes:

1) Duration of the above Contracts / Arrangements / transactions with subsidiaries are all ongoing contracts.

2) Salient terms of the contracts or arrangements or transactions above mentioned are all based on transfer pricing guidelines.

3) Appropriate approvals have been taken for these Related Party Transactions.

4) Advances paid have been adjusted against billings, wherever applicable.

FOR AND ON BEHALF OF THE BOARD
SONATA SOFTWARE LIMITED

Place: Mumbai
Date : May 30, 2019

PRADIP P SHAH
CHAIRMAN

Annexure VI

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 2018-19:

Name of Person	Designation	% of increase compared to previous year	Ratio to Median remuneration of employees	% of Revenues	% of Profits after tax
Pradip Panalal Shah	Director	18.92%	5.12	0.05%	0.25%
Srikar Palem Reddy	MD & CEO	-8.10%*	57.94	0.59%	2.84%
Shyam Bhupatirai Ghia	Director	17.50%	5.31	0.05%	0.26%
Viren Rajan Raheja	Director	18.47%	5.07	0.05%	0.25%
Suresh Narsappa Talwar	Director	17.78%	5.24	0.05%	0.26%
Brijendra Kumar Syngal	Director	15.82%	5.09	0.05%	0.25%
Radhika Rajan	Director	19.91%	5.19	0.05%	0.25%

(ii) The percentage increase in remuneration of Chief Financial Officer & Company Secretary, in the Financial Year 2018-19:

Name of Person	Designation	% of increase compared to previous year	% of Revenues	% of Profits after tax
Mr. Prasanna Oke	Chief Financial Officer	64.18%**	0.28%	1.33%
#Mr. Kundan K Lal	Company Secretary	4.44%	0.05%	0.25%

Notes
* Decrease on account of perquisites considered on ESOP exercised during the previous year.
** Increase on account of perquisites considered on ESOP exercised during the current year.
#Till 14th March, 2019

(iii) The percentage increase in the median remuneration of employees in the Financial Year 2018-19:

The percentage increase in the median remuneration of Sonata during the Financial Year under review is 3%. This has been arrived at by comparing the median remuneration of the cost-to-the Company as on 31st March, 2019 as compared to previous year 31st March, 2019.

(iv) The number of permanent employees on the rolls of Company:

The total employee strength as on 31st March, 2019 is 3606 as against 3090 as on 31st March, 2018.

(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 5% as compared to the average increase in the managerial remuneration of 14%.

(xii) 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
SONATA SOFTWARE LIMITED

Place: Mumbai
Date : May 30, 2019

PRADIP P SHAH
CHAIRMAN

Management Discussion and Analysis – AR FY19

Sonata Software

The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes hitherto. These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter. The Company's management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner, the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year. Investors are cautioned that this discussion contains forward looking statements that involve risks and uncertainties. When used in this discussion, words like 'will', 'shall', 'anticipate', 'believe', 'estimate', 'intend', 'expect' and other similar expressions as they relate to the Company or its business are intended to identify such statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as on their date of statement. Information provided in this Management Discussion and Analysis (MD&A) pertains to Sonata Software Limited (the Company) and its subsidiaries on a consolidated basis, unless otherwise stated.

GLOBAL ECONOMIC REVIEW 2018-19

In early 2018, the economic activity accelerated in almost all regions of the global and world economy was projected to grow at 3.9% in 2019. However, during the second half of 2018 - rising policy uncertainty, the escalation of US–China trade war, Brexit uncertainty, financial tightening alongside the normalization of monetary policy in the larger advanced economies emerged as major factors that contributed to a significantly weakened global expansion. With this weakness expected to continue in first half of 2019, the International Monetary Fund's (IMF) World Economic Outlook has forecasted a decline in growth in 2019 for almost 70% of the global economy. Global growth which peaked at 3.7% in 2017 softened to 3.6% in 2018 and is projected to decline further to 3.3% in 2019. With the pickup expected in the second half of 2019, the global economy is estimated to return to 3.6% in 2020 mainly supported by significant policy accommodation by major economies.

INDIAN ECONOMIC OVERVIEW

India continue to remain the fastest growing major economy of the world. India's GDP grew at 7.1% in fiscal 2019 and is projected to accelerate to 7.3% in fiscal 2020 and 7.5% in fiscal 2021, as per International Monetary Fund's World Economic Outlook (WEO) report. The growth is expected to accelerate driven by the continued recovery of investment and upswing in consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. Over the medium term, growth is estimated to stabilize based on continued implementation of structural reforms and easing of infrastructure bottlenecks. Indian government have been taking all important steps to strengthen financial sector balance sheets through accelerated resolution of non-performing assets (NPAs) under a simplified bankruptcy framework.

GLOBAL IT INDUSTRY

As per Gartner report, the worldwide IT spending is forecasted to be a total of USD 3.8 trillion in 2019, a growth of 1.1% from 2018. The shift of enterprise IT spending from traditional offerings to new digital initiatives is continuing to drive growth. In 2019, the market is expected to reach USD 427 billion, an increase of 7.1% over 2018.

INDIAN IT INDUSTRY

The progression of global digital transformation is making India's information technology (IT) industry stronger and the trend is expected to continue its growth momentum in the foreseeable future. According to Gartner, India's IT spending is estimated at a total of total USD 89.2 billion in 2019, a growth of 6.7% over 2018. IT spending in India continues to be led by digital business transformation initiatives from both private and public organizations. Both are increasingly adopting to changing business models, develop new capabilities, and create new paths to succeed in the digital era. Organizations have increased their focus on providing better customer experience thus increasing spending on enterprise application software.

KEY SECTORS FOR SONATA

Digital & Platform

Digital transformation is a fundamental rethinking of customer experience, business models and operations. It is all about finding new ways to add value, generate revenue and improve efficiency using advanced technologies. According to MarketsandMarkets, the global digital transformation market is projected to grow from USD 290.0 billion in 2018 to USD 665.0 billion by 2023, at a CAGR of 18.1% during 2018 to 2023.

Due to this digital transformation, the digital platform market is growing at a rapid pace. Digital platform helps businesses to serve changing consumer preferences and increase operational efficiency to remain competitive in the changing market. The advanced technologies such as Blockchain, Internet of things (IoT), Artificial Intelligence (AI), Cloud and Analytics are key drivers of growth the in digital platform market.

Organizations are increasingly adopting digital platform for smart consumptions of digital assets to maximize operational performance, implement intelligent processes, monetize internal resources, and enhance the customer experience. Digital platforms are growing across economies, reshaping the business models across industries ranging from Retail, Travel, Manufacturing and Distribution, Healthcare, Media, e-Commerce and Finance. In terms of geography, North America continues to capture the largest market share in terms of revenue, followed by Europe and APAC.

We have a unique leadership position in helping customers accelerate their enterprise transformation through Platformation™. In alignment with this strategy, we continue to strengthen, co-create and innovate our Platformation™ offering in collaboration with our customers, partners, and strategic ecosystem in our focus markets. Our strategy has been well complemented through our strategic investments and inorganic initiatives. We have invested in platform technology Companies, that bring in unique IPs, assets and help add industry, technology & services alignment to enhance differentiation and create unique value propositions to accelerate enterprise transformation.

Travel & Tourism

The travel industry has been at the forefront of digital innovation and continues to be transformed at an exponential rate, across the globe. According to the World Economic Forums' Digital Transformation Initiative (DTI), from 2016 to 2025, digitalisation in aviation, travel and tourism is expected to create up to USD 305 billion of value for the industry through increased profitability, migrate USD 100 billion of value from traditional players to new competitors and generate benefits valued at USD 700 billion for customers and the wider society. Digitalisation has left no segment of the travel ecosystem untouched.

However, to fully capitalize on the latest technology trends, Travel CIOs need to be armed with a complete picture of how travellers think and behave, in addition to a sound understanding of how technology trends can impact and shape their business. The millennial traveller expects services to be provided anytime, anywhere and on any device. Sonata has deep domain expertise in Travel for over a decade, plus experience in working with some of the largest and customer-trusted names across Tour Operators, OTAs, Railways, Hotels, Cruises, Airlines, and Corporate Travel globally. This helps them to successfully enhance traveller experience, increase operational efficiencies and adapt quickly to dynamic business models with a holistic, digital travel management approach. A trusted partner of world leaders in the Travel industry, Sonata's solution portfolio includes its own best-in-class award winning digital travel platform Rezopia, built to fulfil the business transformation needs of the industry. Sonata's people and systems are nurtured to bring together the depth of thought leadership, customer commitment and execution excellence to make a difference to business with technology.

Retail and Distribution Industry

Retail is one of the most rapidly changing verticals across the globe. The industry is undergoing a technological transformation that is driving retailers to automate redundant tasks and revamp their mobile strategies. According to Gartner, worldwide retail tech spending is expected to increase 3.6% to USD 203.6 billion in 2019.

Retailers are investing more in technology at a time when many firms are growing their mobile operations. e-Commerce platforms and Point-of-Sale (POS) systems continue to remain most commonly used retail technologies.

Globally, retail e-Commerce growth is very robust, growing at roughly four times the rate of overall retail sales.

By using technology such as mobile apps, chat tools and website pages, retailers can create a more convenient and personalized shopping experience for each consumer that visits, not just consumers that make a purchase. Sonata's expertise in the leading Retail, Distribution, Travel and transportation customers along with its range of IP-led platform solutions, such as Brick & Click Retail, Kartopia, Modern Distribution and Halosys makes the Company a preferred partner of its clients.

COMPANY OVERVIEW

Sonata is a global technology Company, that enables successful platform based digital transformation initiatives for enterprises, to create businesses that are connected, open, intelligent and scalable. Sonata's Platformation™ methodology brings together industry expertise, platform technology excellence, design thinking-led innovation and strategic engagement models to deliver sustained long term value to customers. A trusted partner of world leaders in the Retail, Manufacturing & Distribution, Travel and Software industries, Sonata's solution portfolio includes its own digital platform such as Brick & Click Retail Platform©, Modern Distribution Platform©, Rezopia Digital Travel Platform©, RAPID DevOps Platform©, Kartopia E-commerce Platform©, Halosys Mobility Platform©, and Commodity CTRM Platform©, best-in-class capabilities on ISV digital technology platforms such as Microsoft Dynamics 365, Microsoft Azure, SAP Hybris, Cloud Engineering and Managed Services, as well as new digital applications like IoT, Artificial Intelligence, Machine Learning, Robotic Process Automation, Blockchain, Block Chain and Cybersecurity Security. Sonata's people and systems are nurtured to bring together the depth of thought leadership, customer commitment and execution excellence to make a difference to business with technology.

Highlights 2018-19

- Acquired Australia-headquartered Microsoft Dynamics 365 partner, Scalable Data Systems and US-headquartered Sopris Systems, providing Sonata with additional IP and geographical reach
- Two key partnerships – one with AutonomIQ for autonomous testing solutions and another with Retail10X, an AI software-as-a-service platform Company, to further strengthen focus in Retail
- Five IPs – Brick & Click for Retail, Modern Distribution for Distribution Management, Rezopia for Travel, Halosys for Mobility and Kartopia for e-Commerce are now listed on Microsoft AppSource
- Successfully undertook ISO 9001-2015 recertification for the Company. ISO 9001-2015 certification covers the overall Quality Management Systems of the organization
- Saudi Arabian Rail Company (SAR) went live with Sonata's Rail Platform, Rezopia, in the Middle East Region
- Sonata named a member of the prestigious 2018/2019 Inner Circle for Microsoft Dynamics
- Our IPs , Brick & Click and Modern Distribution have been Microsoft Dynamics 365 certified.
- Inaugurated two new Sonata offices - in Hyderabad and in Mumbai
- Successful run at two People engagement platforms – Sonata Carnival and Sonata Café
- Added 31 new customers for various products and solutions including the addition of new logos across geographies and competencies; including key engagements listed below.

Customer	Product and Solution
A leading travel-technology platform and online aggregator of car rental and ground transportation services in Europe	Implementation and support of Dynamics 365 Operations
Specialty pharmaceutical Company developing late-stage therapeutic products for common pediatric conditions in the US	Upgrade project from AX2012 R2 to Dynamics 365
A leader in formulating and packaging synthetic lubricants and filters	Implement Sap Hybris on clients' ERP Platform
A pioneer in the Design and Manufacturing of mechanical control cables	Implementation of Kartopia, a Digital Commerce platform of Sonata
A global Technology firm in the APAC market	Field Services implementation
A leader in the food safety business	Build a back end solution of the application on Microsoft's Azure platform and customise it for Android tablets utilizing Halosys IP

Customer	Product and Solution
One of the largest fragrance production houses in Europe	Provide Data strategy and other digital solutions
Leading US-based residential mortgage lender and servicer	Develop new Cloud based property inspection and preservation platform solution
One of the leading Specialty Financial Services firm servicing the US mortgage market	Property Preservation (P2R1) Application Development, Foreclosure App development and Bankruptcy Application Development (P2R1)
First ISV Dev Centre customer in the UK	Portal Development using D365 Portal and core product enhancements
A leading global fashion Company in India	Implement Halosys platform to move check process from manual to digital through a mobile application
A leading cruise operator in UK	Implement SAP Gigya across several brands globally
An international self-service wholesaler	SAP Hybris B2B implementation, support and app development

Awards and Recognition

The Company's customer focused service won a fair share of rewards and recognition as mentioned below

- Featured in the Leadership Zone of service providers in two key categories - Independent Software Vendors (ISVs) and Consumer Software Service Providers by Zinnov Management Consulting Pvt. Ltd. Sonata has also been ranked as an established, niche R&D service provider on the overall front
- Named a member of the prestigious 2018/2019 Inner Circle for Microsoft Dynamics
- "Best Marketer of the year 2018' at SAP India Partner Summit
- Siemens – ' Most Value Added Partner of the Year 2018'
- IBM – 'Best Software Partner of the Year – Commercial Segment 2018
- Microfocus – 'APJ Top Performing Partner of the year 2018 '

INVESTMENT IN PEOPLE

The FY19 witnessed steady addition of senior leaders at Sonata.

o Mr. Ramesh Jonnavithula joined the Company as part of the Delivery Leadership Team

o Mr. Gyana Bardhan Pattnaik as Senior Vice President - Client Services and Head - Digital Competencies

o Mr. Premnath Murthy as Vice President - Strategic Finance & Risk Management

o Mr. Ashish Pant as Regional Manager-Eastern region (RM-East) in the US

TRAININGS AND WORKSHOPS

In an effort to boost innovation practices and techniques within the organization, Sonata arranged Design Thinking workshops for the senior leaders within the Company. The idea was to teach concepts of "Design Thinking" methodology and this would then be implemented in their respective fields.

The Company took up the Design Thinking Framework to train around 475 Sonatians. The Company also conducted 'Great Place to Work Employee Survey' wherein the overall participation rate was 82%. It also conducted customer workshops and received testimonials from them, highlighting the unique benefits they derived from the activities.

CORPORATE SOCIAL RESPONSIBILITIES (CSR)

As a part of CSR initiatives undertaken by Sonata, the Company announced a grant to IITB to support scientific research to accelerate digital and platform based business transformation. The 3-year project, funded to the tune of ₹105 Lakhs, will focus on research fellowship and evangelization of technology for platform based digital business transformation.

Sonata has engaged with MAP as Technology Champions by giving them a grant for their ongoing Programs for over 2 years. The grant will help provide better access to art and culture, to exhibit, interpret and preserve a growing collection of art and cultural artefacts.

Sonata has partnered with Agastya Foundation to help them set up two mobile science labs and to provide technology assistance to improve the knowledge repository of an existing android app-based learning program - Lab on Tab.

Sonata partnered with Kriti Social Initiatives (Kriti); a Not for Profit organization based in Hyderabad, to provide a Grant for 3 Years to help with their existing programs as well as build a technology platform along with the University of Southern California for Women's Economic Empowerment.

Rishi Valley Institute for Educational Resources (RIVER) is the teacher training and resource development wing of Rishi Valley Rural Education Centre. RIVER has created a unique education kit (replacing textbooks with graded cards) and pedagogy for elementary education in village schools. Sonata has helped design and create a Teacher Collaboration Platform to facilitate communication, collaboration and content sharing. Capabilities include a digital repository of learning materials and a collaboration forum accessible by a closed-user group. Digital learning platform is rolled out to 1347 schools and will go on to benefit 22,847 students covering all 13 districts in Andhra Pradesh.

OPERATIONAL REVIEW

During the year, the Company continue with its strategy of strengthening its sales, infrastructure, converting existing accounts into strategic accounts, focused go-to-market strategy towards acquiring new strategic accounts, leveraging technology alliance partnerships and focusing on enhancing talent. The Company added 31 new clients and enhanced its delivery center and customer service presence globally. In line with the expansion plans, the Company opened two new offices in Hyderabad and in Mumbai. With state-of-the-art facilities, both the offices boast of good visibility and great connectivity.

1. **Platformation™ Led Services:**

   Platformation™ continues to be our unique approach to digital, which is helping customers in their digital transformation journey. Our Platformation™ strategy has been well complemented through our strategic investments in IPs, solutions and inorganic initiatives. In FY19, our Five IPs – Brick & Click for Retail, Modern Distribution for Distribution Management, Rezopia for Travel, Halosys for Mobility and Kartopia for e-Commerce have been listed in Microsoft AppSource giving greater global visibility.

   We have invested in platform technology Companies that bring in unique IP, assets. The Company acquired US-headquartered Sopris Systems and Australia based Scalable Data Systems for ₹50 crore and ₹22 crore respectively to strengthen the Company's position as a strong Dynamics 365 partner globally. Sopris and Scalable bring great value in terms of Microsoft Dynamics 365 capabilities and resources to Sonata, giving additional services capabilities in the industries of field service and commodity trading, providing a strong stimulus to Sonata's Platformation™ strategy. The Company continues to further evaluate several such inorganic opportunities across geographies.

The Company partnered with AutonomIQ, a Cloud platform that uses AI and Machine Learning for autonomous testing solutions. The Company also made a strategic investment in Retail10X, a Palo Alto, California headquartered Retail AI Software-as-a-Service platform Company. Retail10x brings value to the customers in Sonata's focused vertical of Retail, Distribution, and CPG by providing them with a platform that leverages the latest in AI, ML, and deep learning technologies. The integration of AutonomIQ's Autonomous Testing platform with Sonata's Platformation™ methodology, helps accelerate the value realization of digital transformation projects. These partnerships further strengthen the Company's singular focus of being Digital transformation partners of choice for its customers.

2. **Delivery Process Excellence:**

The ISO 9001-2015 recertification and ISO 20000-1 re-certification, both for SSL, were successfully completed this year. These certifications help sustain the Company's strict adherence to existing processes, enhancing the Company's image. The Company also successfully undertook ISO 27001 surveillance audit.

The Company continues to remain focused on improving its capabilities from a technical and domain perspective with respect to architecture, technical competence, domain knowledge, refining methodologies, reusability and automation. It aims to take each of these competencies to World Class level. In line with this, each of these competencies have started to align themselves to the Sonata Platformation™ principles.

A notable large customer delivery program related to successful ERP implementation, was done for a green-field RFID plant in China with a successful go-live on 1st April, 2019.

Another successful delivery story this year has been for a leading manufacturer of Printing labels, to roll out an application for printed food product labels with complex details about the food products such as expiry date, nutrition value, fat content etc. on finger tips. Unified Mobility platform Halosys, empowered development of secure, scalable and future-ready mobile and web applications on single infrastructure.

Successful execution of rail travel solution based on Rezopia platform; Dynamics 365 with Retail implementation for a customer in farm-food domain were a few instances of other delivery highlights.

Partnered with Wildlife Conservation Trust (WCT) to create a digital learning platform to hold the lesson repository and provide collaboration tools between the teachers and students in and around these forest buffer zones. The learning app has covered over 60 schools and is expected to cover 578 schools and over 41,000 students across 4 states by the end of the current academic year.

3. **Marketing Initiatives:**

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

- Partnered with Economic Times to have a conversation with CXO level participants from 11 different Companies
- In partnership with Microsoft, Sonata conducted an insightful workshop on "Accelerating Digital Innovations in finished goods supply chain for Consumer Goods Companies" in Mumbai.
- Co-hosted 'NASSCOM Tech Series' in December titled "Think Digital. Go Platform. Harnessing the power of Platforms for Digital Transformation". The focus was on traditional enterprises going digital and sharing of best practices and ideas.
- Sonata sponsored the Microsoft Biz Apps Summit held in Seattle this year.
- MTC listing completed for Mumbai UK (London) and US (NY) for Brick &Click and Modern Distribution.
- "We know Ethics should inform AI. But which Ethics?" – Article on Ethics and AI, co-authored by Mr. Srikar Reddy, CEO & MD, Sonata Software and Prof. Mauro F. Guillen, The Wharton School, University of Pennsylvania for the World Economic Forum.
- Conducted a series of global web-casts across Retail, Modern Distribution, and Field Services.
- Sonata was the Platinum sponsors for the US Venture Golf Open held in Wisconsin (WI), US.

SEGMENT-WISE PERFORMANCE

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

- International IT Services contributed with 38% of total revenues and 81% of PAT
- Domestic Products and Services with 62% of the total revenues and 19% of PAT

During the year, the International IT services revenues stood at ₹112,052 Lakhs (USD 161 million) a growth of 21% on Y-o-Y basis. Domestic products and services stood at ₹184,038 Lakhs. The total consolidated revenue stood at ₹296,090 Lakhs a growth of 21% on Y-o-Y basis.

From a geographical perspective, USA contributed 57% to our services revenues, followed by Europe (including UK) contributing 31% and Rest of the World (RoW) delivering the balance. The onsite revenue contributed 43% while the balance was from offshore activities.

From a vertical perspective, Travel & Tourism contributed to 28% in the revenues, OPD contributed 27%, Retail Distribution contributed 26% while the balance came from other services.

From a competency perspective, 20% of our revenue was from AX business, 25% was contributed by Application Development and Maintenance while the balance came from ERP and other services. Overall 36% of our business came from Digital.

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

FINANCIAL OVERVIEW

Consolidated Financial Highlights:

Particulars	2018-19 (₹ in Lakhs)	2017 – 18 (₹ in Lakhs)	YoY Growth
Total Income	298,815	249,939	20%
EBIDTA	36,286	27,644	31%
Interest & Depreciation Before exceptional items	1,613	1,722	-
PAT After Non-Controlling Interest	24,926	19,253	29%
EPS	23.99	18.54	29%
EBIDTA Margin	12%	11%	9%
Net Profit Margin	8%	8%	-

1. **Total Income**

   Total income increased 20% from ₹249,939 Lakhs in 2017-18 to ₹298,815 Lakhs in 2018-19 largely owing to increase in revenue from international IT services and domestic products & services.

2. **EBITDA**

   EBIDTA increased 31% from ₹27,644 Lakhs in 2017-18 to ₹36,286 Lakhs in 2018-19. The EBIDTA margins strengthened from 11% in 2017-18 to 12% in 2018-19.

3. **Profit after Tax After Non-Controlling Interest**

   Profit after Tax after non-controlling interest increased 29% from ₹19,253 Lakhs in 2017-18 to ₹24,926 Lakhs in 2018-19.

4. **Interest and Borrowings**

   During the year the Company has incurred ₹339 Lakhs as interest cost. The Company had a Net Cash balance of ₹32,047 Lakhs (including investment in Mutual Funds and net of bank borrowing).

5. **Capital Employed**

   The Capital Employed strengthened 14% from ₹68,699 Lakhs in 2017-18 to ₹78,388 Lakhs in 2018-19. The Return on Average Capital Employed (ROCE) for the year ended 31st March, 2019 was reported at 34%.

6. **Net Worth**

   The Net Worth strengthened 18% from ₹65,327 Lakhs in 2017-18 to ₹76,826 Lakhs in 2018-19.The Return on Average Net Worth (RONW) for the year ended 31st March, 2019 was reported at 35%.

7. **Fixed Assets**

   The Company's fixed assets increased from ₹13,720 Lakhs in 2017-18 to ₹23,761 Lakhs in 2018-19 owing to addition of ₹9,764 Lakhs. As a result, depreciation increased 3% from ₹1,241 Lakhs in 2017-18 to ₹1,274 Lakhs in 2018-19.

8. **Working Capital Management**

   Days sales outstanding for international IT services reduced from 42 Days in 2017-18 to 41 Days in 2018-19.

Standalone Financial Highlights:

Particulars	2018-19 (₹ in Lakhs)	2017 – 18 (₹ in Lakhs)	YoY Growth
Total Income	84,701	73,047	16%
EBIDTA	24,509	20,293	21%
Interest & Depreciation Before exceptional items	621	517	20%
PAT	17,243	15,128	14%
EPS	16.59	14.57	14%

1. **Total Income**

   Income increased 16% from ₹73,047 Lakhs in 2017-18 to ₹84,701 Lakhs in 2018-19 largely owing to increase in revenue from existing as well as new customers.

2. **EBITDA**

   EBIDTA increased 21% from ₹20,293 Lakhs in 2017-18 to ₹24,509 Lakhs in 2018-19.

3. **Profit after Tax**

   Profit after Tax increased 14% from ₹15,128 Lakhs in 2017-18 to ₹17,243 Lakhs in 2018-19.

4. **Interest and Borrowings**

   During the year the Company has incurred ₹8 Lakhs as interest cost. The Company had a Net Cash balance of ₹18,134 Lakhs (including investment in Mutual Funds and net of bank borrowing).

5. **Capital Employed**

   The Capital Employed strengthened 8% from ₹49,143 Lakhs in 2017-18 to ₹53,315 Lakhs in 2018-19. The Return on Average Capital Employed (ROCE) for the year ended 31st March, 2019 was reported at 34%.

6. **Net Worth**

   The Net Worth strengthened 8% from ₹49,143 Lakhs in 2017-18 to ₹53,315 Lakhs in 2018-19. The Return on Average Net Worth (RONW) for the year ended 31st March, 2019 was reported at 34%.

7. **Fixed Assets**

   The Company's fixed assets increased from ₹2,940 Lakhs in 2017-18 to ₹3,360 Lakhs in 2018-19 owing to addition of ₹579 Lakhs. As a result, depreciation increased from ₹500 Lakhs in 2017-18 to ₹613 Lakhs in 2018-19.

OUTLOOK

As highlighted in the economic and industry review, external factors such as Brexit, policy uncertainty, US – China trade wars and geopolitical environment is likely to impact overall global economy growth next year. However, India's economy continued to grow at the fastest pace.

The IT services industry is undergoing major secular changes driven by emerging technologies thus muting growth in legacy business while creating new, digital and Cloud based opportunities. Organizations are rapidly adapting the changes and increasing their investments in new technologies to remain relevant in the competitive market.

Sonata, in fiscal 2019 witnessed good growth in both the segments it operates in – International IT Services and Domestic Products and Services. The acquisitions and strategic investments done during the year, has given additional capability in the service industry and a strong fillip to Sonata's strategy to be a global leader in the Microsoft Dynamics 365 partner eco system, with IPs across industries. It has opened up an opportunity to expand Sonata's US footprint and gaining access to new industries.

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

- Penetrating existing client accounts with opportunities through cross-sell and up-sell
- Acquiring new clients across verticals – Retail, Travel, Distribution and ISVs
- Synergistically leveraging technology alliance partners
- Win new strategic customers through industry specific digital transformation expertise
- Grow IP & proprietary platform revenues through own and channel partners
- Continue to focus on digital infrastructure partnership
- Invest in new growth areas – Cloud, Security, Sonata IP

Sonata is well poised to capitalize on the opportunities to support its new and existing customers. The Company will continue to focus on its strategy to be the digital transformation partner across core verticals based on its IPs and specialized services around digital technologies like such as, Analytics, Cloud, Social, Omni-Channel Commerce, and Mobility. It will continue to focus on enhancing its capabilities and invest in new innovative growth platforms going forward.

Risk & Concern

Nature of Risk	Risk Explanation	Risk Mitigation
Economic Risk	The Company's business may be adversely impacted by unforeseen economic reforms and events in the country it serves in.	The Company has a diversified geographical presence. It has always maintained healthy and long - standing relationship with its clients in partnering them as their IT solution provider and adding value to their businesses.
Foreign Currency Risk	Unfavourable currency fluctuations may adversely impact Company's earnings.	The Company uses foreign currency forward contracts to hedge risks involving foreign currency fluctuation.
Concentration Risk	The regional concentration as well as vertical concentration can adversely impact Company's business in case of a slowdown.	The Company continues to further diversify its business in terms of regional and vertical exposure an ongoing basis.
Competition Risk	The Company operates in a competitive business environment. A loss of client can impact the regular cash flows.	The Company with its domain expertise, technological capabilities, differentiated IP and customer engagement provide value addition to its clients, thus strengthening relationships and building long standing associations.
Attrition Risk	Human capital plays a significant role in the IT services; attrition can lead to service and delivery failures.	The Company deploys best-in-class HR principles and practices to maintain a strong bonding between the Management and the employees. It further conducts regular team building activities, workshops and trainings to keep the workforce updated and motivated.
Regulatory Risk	The Company operates across several nations viz. UK and US. Any change in law, regulations and taxation framework may affect the business operations. Further legislation in various countries in which the Company operates may impose restrictions on Companies in those countries from outsourcing work to us, or may implement stricter immigration laws, or may limit our ability to send our employees to certain client sites.	The Company has a professional team in and outside India to mitigate this risk on a continuous basis, Issues of tax related to litigations with Income Tax authorities in India on deduction/ exemption of profits derived from export of software under Section 10A of the Income-Tax Act, treatment of payments for purchase of software as 'royalty' and consequent denial of deductions for such payments on the basis that taxes have not been deducted at source, etc. Management is taking an active role in highlighting these issues and those faced by the industry with Government Authorities through active representation. These initiatives outside of pure litigation have also helped in resolving long standing disputes.

Material Development in Human Resource

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

The Group ended the year with a headcount of 4,042 which was an increase by 16% compared to the previous year's headcount of 3,476.

Internal Control System

The Company has set up a proper and adequate and sound internal control system to safeguard the Group's assets and to enhance shareholders' investment, as well as reviewing its adequacy and effectiveness of the said system.

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

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

REPORT ON CORPORATE GOVERNANCE

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and hereby presents the following Corporate Governance Report for the Financial Year 2018-19 based on the said requirements.

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

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

II. BOARD OF DIRECTORS

The Board of Directors of the Company as on 31st March, 2019 comprised of seven Directors of whom one is a Non-Executive Promoter Director, one is a Non-Executive Director, one is an Executive Director and four are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013 ("the Act"). The Chairman of the Board is an Independent Director.

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

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the 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 Listing Regulations read with Section 149(6) of the Act. In the opinion of the Board all the Independent Directors of the Company fulfill the conditions specified under SEBI (LODR) Regulations, 2015 and are independent of the management of the Company.

Further, all the Directors have confirmed that they are neither debarred nor disqualified from being appointed or continuing as Director by the Securities and Exchange Board of India /the Ministry of Corporate Affairs or any such statutory authority. The Company has obtained a Certificate to this effect from Mr. Vijayakrishna KT, Practising Company Secretary, Bengaluru as mandated under Schedule V, Part C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) (Amendment) Regulations, 2018

During the Financial Year 2018-19, five 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 22nd May, 2018, 3rd July, 2018, 13th August, 2018, 2nd November, 2018 and 8th February 2019. The necessary quorum was present at all the meetings. The video-conferencing facilities were arranged for Directors for participating in Board and Committee Meetings.

During the Financial Year 2018-19, information as mentioned in Schedule II Part A of the Listing Regulations has been placed before the Board for its consideration. The Board obtains declarations from the respective functional heads confirming all the applicable Laws were complied with during the Financial Year under review.

In accordance with Section 149 read with Schedule IV to the Act, and Listing Regulations, a meeting of the Independent Directors was held during the Financial Year 2018-19 without the attendance of the Non-Independent Directors and members of the management.

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

The names, designation, categories of the Directors and their shareholdings in the Company as on 31st March, 2019 are furnished below:

Name of the Director	Designation	Category	Equity shareholding in the Company
Mr. Pradip P Shah	Chairman	Independent Director	Nil
Mr. S B Ghia	Director	Non-executive Director*	5,000
Mr. Viren Raheja	Director	Promoter, Non-Executive Director	82,50,000
Mr. P Srikar Reddy	Managing Director & CEO	Executive Director	12,01,500
Mr. S N Talwar	Director	Independent Director	50,000
Mr. B K Syngal	Director	Independent Director	Nil
Ms. Radhika Rajan	Director	Independent Director	Nil

Note: *Mr. S B Ghia was reclassified under Public Category from Promoter category w.e.f. 19th October, 2018.

Details of Director's attendance during the Financial Year 2018-19 and at the last Annual General Meeting, number of Directorships in other Indian companies and committee memberships/Chairmanship held by them in Indian public companies as on 31st March, 2019 are furnished below:

Name of the Director	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Attendance at last AGM held on 13th August, 2018	No. of Directorships held in other Indian Companies	No. of Committee Memberships/ Chairmanship held in other Indian Public companies[2]	
					As Chairman	As Member
Mr. Pradip P Shah	5	5	Yes	13	1	6
Mr. S B Ghia	5	5	Yes	3	1	4
Mr. Viren Raheja	5	5	No	19	0	3
Mr. P Srikar Reddy	5	4	Yes	2	0	1
Mr. S N Talwar	5	5	Yes	12	3	4
Mr. B K Syngal	5	4	No	4	2	2
Ms. Radhika Rajan	5	4	No	3	0	3

Note: 1) Mr. B. K. Syngal, Chairman of the Audit Committee Meeting had requested for leave of absence. Mr. Suresh Talwar who was appointed as the Chairperson of the Audit Committee attended the AGM.

2) Includes only Committee Membership/Chairmanship of Audit Committee and Stakeholders Relationship Committee.

List of Directorship held in other listed Companies and category of Directorship:

Name of the Director	Directorship in other listed entities	Category of Directorship
Mr. Pradip P Shah	Kansai Nerolac Paints Limited	Non-Executive - Independent Director, Chairperson
	Pfizer Limited	Non-Executive - Independent Director
	KSB Limited	Non-Executive - Independent Director
	BASF India Limited	Non-Executive - Independent Director
	Bajaj Auto Limited (w.e.f. 1st April, 2019)	Non-Executive - Independent Director
	Tata Investment Corporation Limited	Non-Executive - Independent Director
Mr. S B Ghia	Futura Polyesters Limited	Managing Director
	Innovassynth Investments Limited	Executive Director, MD
	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 Ltd	Non-Executive - Independent Director
Mr. S N Talwar	Elantas Beck India Limited	Non-Executive - Independent Director
	Syngene International Limited	Non-Executive - Independent Director
	Merck Limited (Procter & Gamble Health Limited w.e.f. May 6, 2019)	Non-Executive - Independent Director, Chairperson
Ms. Radhika Rajan	3M India Limited	Non-Executive - Independent Director

Your Board had cautiously considered and identified an optimised mix of the Skills, Expertise, Competencies essentially required by the Company in the context of its sector. This was so done to ensure functioning of the business effectively.

These attributes primarily and broadly are: (i) General Management of Corporate Affairs, Corporate Governance (ii) Information Technology and related fields (iii) Law, Taxation, Finance, Foreign Exchange related (iv) Behavioural science (v) Strategy Management

III. AUDIT COMMITTEE

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

- **Terms of Reference**

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

  1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
  3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
  4. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

5. Review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively;
6. Reviewing, with the management, the annual financial statements and Auditor's report thereon before submission to the Board for approval, with particular reference to:
    a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
    b. Changes, if any, in accounting policies and practices and reasons for the same;
    c. Major accounting entries involving estimates based on the exercise of judgment by Management;
    d. Significant adjustments made in the financial statements arising out of audit findings;
    e. Compliance with listing and other legal requirements relating to financial statements;
    f. Disclosure of any related party transactions;
    g. Qualifications in the draft audit report.
7. Reviewing, with the management the quarterly financial statements before submission to the Board for approval;
8. Reviewing, with the management the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
9. Review and monitor the auditor's independence and performance and effectiveness of audit process;
10. Approval or any subsequent modification of transactions of the Company with related parties;
11. Scrutiny of inter-corporate loans and investments;
12. Valuation of undertakings or assets of the Company, wherever it is necessary;
13. Evaluation of internal financial controls and risk management systems;
14. Reviewing, with the management performance of statutory and internal auditors, adequacy of the internal control systems;
15. Reviewing, the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. Discussion with internal auditors of any significant findings and follow up there-on;
17. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
18. Discussion with Statutory Auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. 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. Review the functioning of the Whistle Blower mechanism;
21. Approval of appointment of CFO (i.e., Chief Financial Officer or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
22. Review the financial statements, internal audit reports, related party transactions and such other information as required under the Act or the Listing Regulations.

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

    During the Financial Year under review, the Audit Committee met four times on 22nd May, 2018, 13th August, 2018, 2nd November, 2018 and 8th February, 2019.

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

- **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. B K Syngal	Independent Director	Chairman	4	3
Mr. S B Ghia	Non-executive Director	Member	4	4
Mr. Pradip P Shah	Independent Director	Member	4	4
Mr. S N Talwar	Independent Director	Member	4	4
Ms. Radhika Rajan	Independent Director	Member	4	4

IV. NOMINATION AND REMUNERATION COMMITTEE

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

- **Terms of Reference**

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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
3. Devise a policy on diversity of Board of Directors;
4. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every directors performance;
5. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
6. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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

During the Financial Year under review, the Nomination and Remuneration Committee met three times on 22nd May, 2018, 13th August, 2018 and 8th February, 2019.

- **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. S N Talwar	Independent Director	Chairman	3	3
Mr. S B Ghia	Non-Executive Director	Member	3	3
Mr. B K Syngal	Independent Director	Member	3	2
Mr. Viren Raheja	Promoter, Non-Executive Director	Member	3	3

- **Performance evaluation criteria**

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

- **Details of remuneration paid/payable to all the Directors during the Financial Year ended 31st March, 2019**

(Amount in ₹)

Name	Salary & Perquisites	Commission & Sitting fees	Shares issued under ESOP	Details of service contracts, notice period & severance fees
Mr. Pradip P Shah	Nil	4,325,384	Nil	-
Mr. P Srikar Reddy	33,319,735	12,417,705	3,127,000	Effective from 14.02.2012, appointed as Managing Director & CEO for a period of 5 years vide agreement dated 24.05.2012. Seven month's notice period and severance fees of ₹ 1.20 Crores spread over a period of 3 years. A new agreement dated 29.12.2016 was signed effective from 14.02.2017 for a period of three years.
Mr. S B Ghia	Nil	4,485,384	Nil	
Mr. Viren Raheja	Nil	4,285,384	Nil	-
Mr. S N Talwar	Nil	4,425,384	Nil	-
Mr. B K Syngal	Nil	4,305,384	Nil	-
Ms. Radhika Rajan	Nil	4,385,384	Nil	-

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

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

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

V. STAKEHOLDERS RELATIONSHIP COMMITTEE

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

- **Terms of Reference**

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

  1. Resolve the grievances of the security holders of the Company including complaints related to transfer/ transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/ duplicate certificates, general meetings etc.
  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 times on 22nd May, 2018, 13th August, 2018, 2nd November, 2018 and 8th February, 2019.

- **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. Kundan K Lal, Company Secretary acted as the Company's Compliance Officer upto 14th March, 2019. Post resignation of Mr. Kundan K Lal, Ms. Rashmi Shirke, Assistant Company Secretary was appointed as the Compliance Officer w.e.f 16th March, 2019.
- During the Financial Year under review 66 investor grievances were received and all of them were successfully resolved.

VI. CORPORATE SOCIAL RESPONSIBILITY "CSR" COMMITTEE

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

- **Terms of Reference**

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

  1. Formulate and recommend to the Board, Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
  2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (1) above.
  3. Monitor the Corporate Social Responsibility Policy of the Company from time to time by setting-up a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company.

  The CSR Committee met two times during the Financial Year 2018-19 i.e. on 22nd May, 2018 and 8th February, 2019.

- **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
Mr. S B Ghia	Non-executive Director	Chairman	2	2
Mr. S N Talwar	Independent Director	Member	2	2
Mr. P Srikar Reddy	Executive Director	Member	2	2

VII. RISK MANAGEMENT COMMITTEE

Pursuant to Regulation 21 of the Listing Regulations, the Board of Directors has constituted the Risk Management Committee on 13th August, 2018. The composition of the Committee is in conformity with the Listing Regulations, with majority of members being Directors of the Company. During the year under review, no meeting was held for the said Committee.

- **Terms of Reference**

  1. To assess the Company's risk profile and key areas of risk in particular;
  2. To articulate the Company's policy for the oversight and management of business risks;
  3. To evaluate risk management procedures including risk recognition, assessment, minimization of risk;
  4. To examine and determine the sufficiency of the Company's internal processes for reporting on and managing key risk areas
  5. To ensure that the Company is taking appropriate measures to achieve prudent balance between risk and reward in both ongoing and new business activities;
  6. To review management's response to the Company's auditors' recommendations those are adopted;
  7. To review Cyber security measures taken by the Company;
  8. Any other matter as delegated by the Board of Directors.

- **Details of the Composition of the Risk Management Committee as at 31st March, 2019 is as under**

Name of the Director	Category
Mr. Pradip P Shah	Independent Director
Mr. Suresh N Talwar	Independent Director
Mr. Viren Raheja	Promoter, Non-Executive Director
Mr. Srikar Reddy	Executive Director

VIII. SHAREHOLDERS MEETINGS

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

Financial Year	Date	Venue	Time
2015-16	**08.08.2016**	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001	4.00 p.m.
2016-17	**14.08.2017**	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001	4.00 p.m.
2017-18	**13.08.2018**	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001	4.00 p.m.

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

a) Financial year 2015-16 – No special resolution was passed at the AGM.

b) Financial year 2016-17 – No special resolution was passed at the AGM.

c) Financial year 2017-18 – Yes, following Special Resolutions were passed:

   i. Approve payment of commission to the Non-executive Directors of the Company.

   ii. Approve delivery of documents through a specific mode on request by the member upon payment of a requisite fee.

   iii. Approve reclassification of the status of promoter's shareholding into public shareholding.

- Following Special resolutions were passed through postal ballot during the financial year ended 2018-19.

   i. To approve continuation of directorship of Mr. B. K. Syngal (DIN: 00002395) as an Independent Director of the Company

   ii. To approve continuation of directorship of Mr. Suresh Talwar (DIN: 00001456) as an Independent Director of the Company

- **The details of the Postal Ballot are as follows:**

Date of Postal Ballot Notice: February 8, 2019 Voting period: February 15, 2019 to March 16, 2019

Date of approval: March 16, 2019 Date of declaration of result: March 18, 2019

Brief partnership of the resolution	Type of resolution	No. of votes polled	Votes cast in favor		Votes cast against	
			No. of votes	%	No. of votes	%
To approve continuation of directorship of Mr. B. K. Syngal as an Independent Director of the Company	Special Resolution	51272886	49434149	96.41	1838737	3.59
To approve continuation of directorship of Mr. Suresh Talwar, as an Independent Director of the Company	Special Resolution	51272886	48971890	95.51	2300996	4.49

Mr. Parameshwar G. Bhat, Practicing Company Secretary, was appointed as the scrutinizer for carrying out the postal ballot/e-voting process in a fair and transparent manner.

- None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

Procedure for postal ballot

In compliance with Sections 108 and 110 and other applicable provisions of the Act read with the Rules framed thereunder and in terms of Regulation 44 of the Listing Regulations, the Company provided remote e-voting facility to all its Members. The Company engaged the services of Karvy Fintech Private Limited ("Karvy") for this purpose. The Members had the option to vote either by physical ballot form or through remote e-voting.

The Company dispatched the postal ballot notices and forms along with postage prepaid business reply envelopes to its Members whose names appeared on the Register of Members/list of beneficiaries as on a cut-off date, i.e. February 8, 2019. The postal ballot notice was sent to the Members in electronic form at the e-mail addresses registered with their Depository Participants (in case of electronic shareholding)/the Company's RTA (in case of physical shareholding). The Company also published an advertisement in the newspapers viz. Navshakti and Business Standard dated February 15, 2019., informing about the dispatch of the Notice and other information as mandated under the Act and applicable Rules.

Voting rights were reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date, i.e. February 8, 2019. Members desiring to exercise their votes by physical postal ballot forms were requested to return the forms, duly completed and signed, to the scrutinizer so as to reach them on or before the close of the voting period, i.e. March 16, 2019 at 5:00 p.m. (IST).

Members desiring to exercise their votes by electronic mode were requested to vote before close of business hours on the last date of e-voting. The scrutinizer, after the completion of scrutiny, submitted his report. The consolidated results of the voting by postal ballot and e-voting were then announced. The results were also displayed at the Registered Office and the Corporate Office of the Company and on the Company's and Karvy's website and informed to the Stock Exchanges. Results were announced on 18th March, 2019.

- **Remote e-voting and ballot voting at the AGM**

  To allow the shareholders to vote on the resolutions proposed at the AGM, the Company has arranged for a remote e-voting facility. The Company has engaged Karvy Fintech Private Limited ("Karvy") to provide e-voting facility to all the members. Members whose names appear on the register of members as on 31st July, 2019 shall be eligible to participate in the e-voting.

  The facility for voting through ballot will also be made available at the AGM, and the members who have not already cast their vote by remote e-voting can exercise their vote at the AGM.

IX. 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 statements, press releases, shareholding pattern and presentations made to analysts/institutional investors are posted on Company's website http://www.sonata-software.com.
- Presentations made to the institutional investors and financial analysts on the Company's financial results are uploaded on the Company's website.

X. GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

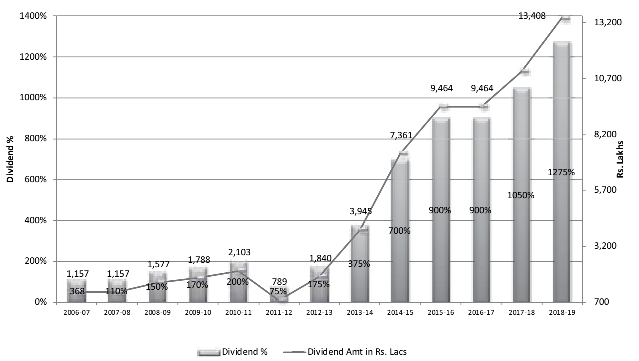
The ensuing Annual General Meeting of the Company will be held on Wednesday, 7th day of August, 2019 at 4.00 p.m. at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001. Ph: (022) 22841523.

2. Financial Year

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

3. Payment of Dividend

The Company paid interim dividend of ₹ 4.75/- per equity share (475%) on 15th November, 2018. The Company has recommended final dividend of ₹ 8/- per equity share (800%) 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 & traded on the following stock exchanges :

BSE Limited (BSE)	National Stock Exchange of India Ltd (NSE)
Phiroze Jeejeebhoy Towers Dalal Street, Fort Mumbai – 400 001 Stock Code: 532221	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 2018-19 has been paid to the above mentioned stock exchanges.

(c) As on 31st March, 2019, your Company had 40,598 shareholders.

5. Stock Market Data

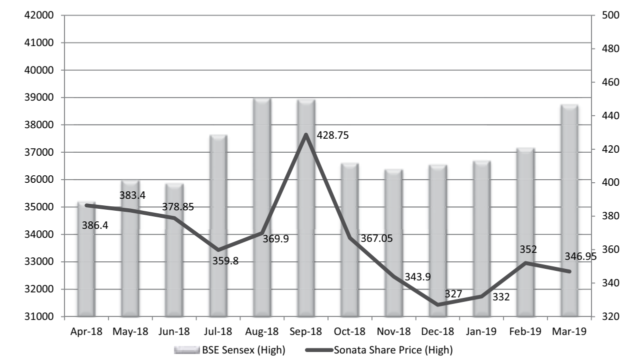
(a) Market Capitalization as on 31st March, 2019: ₹ 3556 Crores (Based on closing price in BSE)

(b) Number of shares traded during FY 2018-19: BSE: 62 Lakhs & NSE: 639 Lakhs

(c) The monthly high and low quotations of shares traded at BSE and NSE during financial year 2018-19 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-18	386.4	311.15	386.7	311.05	35213.3	32972.56
May-18	383.4	331	383.4	331.05	35993.53	34302.89
Jun-18	378.85	297.05	378	297	35877.41	34784.68
Jul-18	359.8	273.15	359.7	272.4	37644.59	35106.57
Aug-18	369.9	313	370	312.3	38989.65	37128.99
Sep-18	428.75	336.2	428.6	335.6	38934.35	35985.63
Oct-18	367.05	266	367.45	265	36616.64	33291.58
Nov-18	343.9	301.15	344	303.05	36389.22	34303.38
Dec-18	327	293	322	295	36554.99	34426.29
Jan-19	332	294.7	348	294	36701.03	35375.51
Feb-19	352	316.45	353	317.1	37172.18	35287.16
Mar-19	346.95	318	347	318	38748.54	35926.94



6. **Share Transfer System / Investor Service**

As the Company's shares are traded in dematerialized form, transfer requests are processed and approved in electronic form by NSDL/CDSL through their depository participants. Transfer of shares in physical form are processed by our Registrar and Share Transfer Agent, Karvy Fintech Pvt. Ltd. and approved by the Share Transfer Committee of the Company. Physical shares sent for transfer are registered and returned within an average period of 15 days from the date of receipt, that is, if documents submitted are clear in all respects.

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 Exchanges.

Total number of physical shares transferred during FY 2018-19:

Transfer period	No. of transferee (Folios)	No. of shares	Percentage
1-15 days	10	9176	100
Above 15 days	0	0	0
Total	**10**	**9176**	**100**

Details of complaints received and resolved from 1st April, 2018 to 31st March, 2019:

Complaints	Received	Attended to	Pending
Non-receipt of dividend	47	47	0
Non-receipt of Annual Report	4	4	0
Others	15	15	0
Total	**66**	**66**	**0**

7. **Distribution of shareholding**

(a) **Distribution Schedule**

Range of equity shares held	As on 31st March, 2019				As on 31st March, 2018			
	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	35042	86.31	3632728	3.45	32186	84.36	3774236	3.59
501-1000	2750	6.77	2322829	2.21	2898	7.60	2494734	2.37
1001-5000	2054	5.06	4668985	4.44	2265	5.94	5304219	5.04
5001-10000	307	0.76	2253060	2.14	340	0.89	2552712	2.43
Over 10001	445	1.10	92281704	87.75	466	1.22	91033405	86.57
Total	**40598**	**100.00**	**105159306**	**100.00**	**38155**	**100.00**	**105159306**	**100.00**

(b) **Shareholding Pattern**

Category	As on 31st March, 2019				As on 31st March, 2018			
	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	0.02	29623450	28.17	12	0.03	32550161	30.95
Bodies Corporate	421	1.04	6825592	6.49	438	1.15	6961552	6.62
FIIs / NRIs	1145	2.82	15655002	14.89	950	2.49	16620023	15.80
IFIs/Mutual Funds/ Banks	16	0.04	10407460	9.90	15	0.04	5149501	4.90
Trusts	3	0.01	1301875	1.24	3	0.01	1380395	1.31
Clearing Members	77	0.19	105501	0.10	125	0.33	203521	0.19
Public	38929	95.89	41240426	39.22	36612	95.96	42294153	40.22
Total	**40598**	**100.00**	**105159306**	**100.00**	**38155**	**100.00**	**105159306**	**100.00**

8. **Dematerialization of shares and liquidity**

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

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

Details of Shares held in Physical and Electronic form:

Particulars	As on 31st March, 2019		As on 31st March, 2018	
	No. of Shares	% of holding	No. of Shares	% of holding
Physical	937481	0.89	1136259	1.08
Electronic	104221825	99.11	104023047	98.92
Total	**105159306**	**100.00**	**105159306**	**100.00**

Number of Shares dematerialized during FY 2018-19: 181977 Shares.

Number of Shares rematerialized during FY 2018-19: NIL

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

10. **Office Locations**

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

11. **Credit Rating**

Your Company has obtained Credit Rating from CRISIL during the Financial Year ended 31st March, 2019 for the Working Capital Facility of ₹50 Cr. CRISIL has upgraded its rating from 'CRISIL A/Positive' to 'CRISIL A+/Stable'.

12. **Tentative financial calendar for FY 2019-20**

Financial results for the first quarter ending 30th June, 2019	August, 2019
Financial results for the second quarter ending 30th September, 2019	November, 2019
Financial results for the third quarter ending 31st December, 2019	February, 2020
Financial results for the financial year ending 31st March, 2020	May, 2020
Annual General Meeting for the year ending 31st March, 2020	August, 2020

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

Company Secretary	**Karvy Fintech Private Limited**
Sonata Software Limited APS Trust Building, Bull Temple Road N R Colony, Bangalore - 560 019, India Tel: (080) 67782408, Email: investor@sonata-software.com Website: www.sonata–software.com	Registrars and Share Transfer Agents Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District Nanakramguda, Hyderabad - 500 032, India Tel: (040) 67161591 Fax: (040) 23420814 Email: einward.ris@karvy.com Website: www.karvycomputershare.com

XI. OTHER DISCLOSURES

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

None

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

None.

C. **Vigil Mechanism**

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

The said policy has been communicated to the employees and is also available on the Company's website.

https://www.sonata-software.com/sites/default/files/reports/Sonata_Vigil%20Mechanism.pdf

The Company affirms that no employee has been denied access to the Audit Committee during the Financial Year 2018-19.

D. **Mandatory/Non-Mandatory Requirements**

During the Financial Year 2018-19, 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 follows a direct reporting of Internal Auditor to the Audit Committee.

E. **Web Link where Policy for Determining 'Material' Subsidiaries is given below**

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

F. **Web Link where Policy on dealing with Related Party Transactions is given below**

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

G. **Disclosure of Commodity Price Risk and Commodity Hedging Activities**

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

H. **Details of Utilisation of Fund**

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

I. Certificate from Company Secretary in Practice

The Company has obtained a certificate from Mr. Vijayakrishna K. T. 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. The same is enclosed to this report.

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

None

K. Auditors' Remuneration

The particulars of payment of Statutory Auditors fees, on consolidated basis is given below:

Particulars	Amount in ₹
Remuneration for audit of Company and its Subsidiaries	10,560,000
Remuneration for other services	450,000
Re-imbursement of out-of-pocket expenses	181,150
Total	**11,191,150**

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

a. number of complaints filed during the financial year: One

b. number of complaints disposed of during the financial year: One

c. number of complaints pending as on end of the financial year: Nil

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

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

XIII. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODES

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

XIV. DECLARATION

I, P Srikar Reddy, Managing Director & CEO of Sonata Software Ltd, to the best of my knowledge and belief, hereby declare that all the Directors on the Boards and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Financial Year ended 31st March, 2019.

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

Pursuant to the applicable provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (‘the Rules’), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also require to be transferred to the demat account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends. Further, the corresponding shares are transferred as per the requirement of the rules, details of which are provided on our website, at www.sonata-software.com. Members who have not yet encashed their dividend warrant(s) pertaining to the final dividend for the financial year 2011-12 and onwards are requested to make their claims without any delay.

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

CEO/CFO Certification

To
The Board of Directors
Sonata Software Limited
Mumbai

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

(a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2019 and:

   (i) These Financial Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) These Financial Statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;

(b) There is, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31st March, 2019 which is fraudulent, illegal or violative of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and Audit committee that for the year ended 31st March, 2019, there were;

   (i) Significant changes, if any, in internal control over financial reporting during the year;

   (ii) Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (iii) No instances of significant fraud of which we have become aware and there has been no involvement therein of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.

P Srikar Reddy
Managing Director & CEO

Prasanna Oke
CFO

Place: Mumbai
Date: 30th May, 2019

Corporate Governance Compliance Certificate

To
The members of
Sonata Software Limited

I have examined the compliance of conditions of Corporate Governance by Sonata Software Limited, for the Financial Year ended March 31, 2019, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the company.

In my opinion and to the best of the information and according to the explanations given to me and the representations made by the Directors and the Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Parameshwar G. Bhat
Company Secretary in Practice
Membership No.: FCS 8860
CoP No.: 11004

Place: Bengaluru
Date: 30th May 2019

Certificate of Non-Disqualification of Directors

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (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-400 030

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Sonata Software Limited having CIN L72200MH1994PLC082110 and having registered office at 208, T V Indl Estate, 2nd Floor, S. K. Ahire Marg, Worli Mumbai-400030 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31st March, 2019 has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, the Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Mr. Srikar Palem Reddy	00001401	20/10/1999
2	Mr. Suresh Narsappa Talwar	00001456	30/10/2002
3	Mr. Brijendra Kumar Syngal	00002395	15/01/2004
4	Mr. Shyam Bhupatirai Ghia	00005264	26/05/1997
5	Mr. Viren Rajan Raheja	00037592	17/04/2008
6	Mr. Pradip Panalal Shah	00066242	14/07/1998
7	Ms. Radhika Govind Rajan	00499485	12/08/2014

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my verification. This Certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bengaluru
Date: 30th May, 2019

Vijayakrishna K T
Company Secretary in Practice
FCS :1788
CP No.: 980

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SONATA SOFTWARE LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **SONATA SOFTWARE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, cash flows and its changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Revenue Recognition** Revenue from services of ₹ 75,030 Lakhs pertaining to time and material contracts is recognised considering hours recorded against each of the contract and agreed prices, billed at various points in time. Due to the time gap between the services rendered and billed, there is an risk of material misstatement that hours recorded may not be accurately considered for recognizing revenue especially towards the year end. Refer note 17.1 to the standalone financial statements.	**Principal Audit procedures** Our audit approach was a combination of test of controls and substantive procedures which included the following: • Evaluated the design of internal controls relating to recording of revenues at reporting periods. • Selected a sample of time and material projects and assessed design of controls, tested the operating effectiveness of internal controls relating to revenue recognition. • Tested a sample of invoices using a combination of time records, customer acceptances and pricing agreed as per contractual terms. • Reviewed a sample of contracts in unbilled revenues with subsequent invoicing.
2	**Evaluation of uncertain tax positions** The Company has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Note 21 (d) to the Standalone Financial Statements	**Principal Audit Procedures** Obtained details of completed tax assessments/demands and assessment orders for the assessment years up to March 31, 2019 from management, and verified the accuracy and completeness of the claims. We obtained the confirmation from the Company's tax expert on completeness and status of the outstanding tax litigations. We have involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.

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

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

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

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

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

Management's Responsibility for the Standalone Financial Statements

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

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

iii. There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No. 110128)

Place: Mumbai
Date: May 30, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Sonata Software Limited of even date)

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

We have audited the internal financial controls over financial reporting of **Sonata Software Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date..

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No. 110128)

Place: Mumbai
Date: May 30, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land that have been taken on lease and disclosed as fixed assets in the standalone financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

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

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

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities as applicable.

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

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

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax and Service Tax, which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in Lakhs)
Income Tax Act, 1961	Income Tax	Supreme Court	AY 2000-01 to 2002-03	2,842
		High Court	AY 1995-96, 2002-03 to 2007-08, 2011-12	7,255
		Appellate Authority upto ITAT Level	AY 2008-09 to 2012-13, 2014-15	8,391
Finance Act, 1994	Service Tax, Penalty and Interest there on	Central Excise and Service Tax Appellate Tribunal	FY 2005-06 to 2008-09	677
			FY 2005-06 to 2009-10	1,028

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has neither taken any loans or borrowings from financial institutions and government or has not issued any debentures.

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

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

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

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

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

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of Order is not applicable to the Company.

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

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No. 110128)

Place: Mumbai
Date: May 30, 2019

BALANCE SHEET as at March 31, 2019

₹ in Lakhs

	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,711	1,757
Capital work-in-progress		3	27
Goodwill		282	282
Financial assets	4		
Investments	4.1	5,034	9,617
Other financial assets	4.2	1,474	1,236
Deferred tax assets (net)	16	1,124	1,056
Other non-current assets	5	2,801	2,936
Total non-current assets		**12,429**	**16,911**
Current assets			
Financial assets	6		
Investments	6.1	9,899	10,295
Trade receivables	6.2	28,860	18,483
Cash and cash equivalents	6.3	7,174	11,627
Bank balances other than above	6.4	1,436	939
Loans	6.5	245	-
Other financial assets	6.6	4,807	2,146
Other current assets	7	842	512
Total current assets		**53,263**	**44,002**
Total assets		**65,692**	**60,913**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	1,039	1,038
Other equity	9	52,276	48,105
Total Equity		**53,315**	**49,143**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	10	914	-
Other non-current liabilities	11	858	772
Total non-current liabilities		**1,772**	**772**
Current liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	24	43	35
Total outstanding dues of creditors other than micro enterprises and small enterprises		5,117	5,737
Other financial liabilities	12	421	516
Other current liabilities	13	1,637	1,310
Provisions	14	1,228	990
Current tax liabilities (net)	15	2,159	2,410
Total current liabilities		**10,605**	**10,998**
Total equity and liabilities		**65,692**	**60,913**

See accompanying notes to the financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

Pradip P Shah
Chairman

P Srikar Reddy
Managing Director & Chief Executive Officer

Prasanna Oke
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

STATEMENT OF PROFIT & LOSS for the year ended March 31, 2019

₹ in Lakhs

	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
REVENUE			
Revenue from operations	17.1	82,933	68,851
Other income	17.2	1,768	4,196
Total revenue		**84,701**	**73,047**
EXPENSES			
Purchase of stock-in-trade (traded goods)		4,651	4,494
Employee benefit expense	18	40,466	36,412
Finance costs	19	8	17
Depreciation and amortization expense	3	613	500
Other expenses	20	15,075	11,848
Total expenses		**60,813**	**53,271**
Profit before exceptional item and tax		**23,888**	**19,776**
Add : Exceptional item (Interest income on income tax refund)		49	49
Profit before tax		**23,937**	**19,825**
Tax expense			
Current tax	15	7,210	4,959
Deferred tax	16	(516)	(262)
Net tax expense		**6,694**	**4,697**
Profit for the year		**17,243**	**15,128**
Other Comprehensive Income			
1 (a) Items that will not be reclassified to profit/(loss)		(22)	(70)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		6	17
		(16)	**(53)**
2 Items that will be reclassified to profit/(loss)			
(a) Exchange differences in translating the financial statements of foreign operations		(99)	238
(b) Exchange differences on forward cover		1,721	(635)
(c) Income tax relating to Items that will be reclassified to profit/(loss)		(454)	97
		1,168	**(300)**
Total		**1,152**	**(353)**
Total Comprehensive Income		**18,395**	**14,775**
Earnings per share (on ₹ 1 per share)	35		
Basic (₹)		16.59	14.57
Diluted (₹)		16.58	14.56

See accompanying notes to the financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

Pradip P Shah
Chairman

P Srikar Reddy
Managing Director & Chief Executive Officer

Prasanna Oke
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

CASH FLOW STATEMENT for the year ended March 31, 2019

₹ in Lakhs

	For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	**23,937**	**19,825**
Adjustments for :		
Depreciation and amortization expense	613	500
Finance costs	2	16
Doubtful and bad trade receivables	75	170
Provisions/ liabilities no longer required written back	(10)	-
Interest from unwinding of rent deposits discounted	(17)	(21)
Interest from fixed deposits/margin money with banks	(290)	(209)
Interest from inter-corporate deposits	(107)	(201)
Interest on Income-tax refund	(49)	(49)
Dividend income from current investments	(236)	(330)
Dividend income from long-term investments in subsidiaries	(338)	(338)
Net (gain) / loss on sale of fixed assets / scrapped	15	-
Net (gain) on valuation of current investments	(637)	(496)
Discounting of lease deposits debited to rent	(13)	8
Expenses on employee stock based compensation	57	72
Exchange (gain)/loss on revaluation of investments	43	(279)
Net unrealized foreign exchange (gain) / Loss	(1,818)	293
Operating profit before working capital changes	21,227	18,961
Adjustments for :		
Decrease/(increase) in trade receivables	(9,325)	(2,640)
Decrease/(increase) in other financial assets-current	(472)	(657)
Decrease/(increase) in other financial assets non-current	(220)	8
Decrease/(increase) in other non-current assets	34	12
Decrease/(increase) in other current assets	(328)	190
(Decrease)/increase in trade payables	(576)	1,901
(Decrease)/increase in other financial liabilities	48	(44)
(Decrease)/increase in other current liabilities	304	(58)
(Decrease)/increase in other non-current liabilities	85	149
(Decrease)/increase in provisions	238	282
Net cash flow from / (used in) operation activities before taxes	11,015	18,104
Income taxes paid, net of refunds	(7,303)	(3,212)
Net cash (used in)/ provided by operating activities (A)	**3,712**	**14,892**

CASH FLOW STATEMENT for the year ended March 31, 2019

₹ in Lakhs

		For the year ended March 31, 2019	For the year ended March 31, 2018
B. CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipments		(642)	(521)
Proceeds from disposal of property, plant and equipments		1	14
Payment towards acquisition of subsidiary		(1,324)	-
Purchase of investments		(42,204)	(66,550)
Proceeds from sale of current investments		50,250	61,298
Bank balances not considered as Cash and cash equivalents		(496)	10,312
Interest received		394	669
Dividend received from subsidiary		338	338
Inter corporate deposit to subsidiary (net)		(245)	-
Net cash flow from / (used in) investing activities	**(B)**	**6,072**	**5,560**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid on equity shares		(11,804)	(9,531)
Dividend taxes paid on equity shares		(2,470)	(1,858)
Proceeds received from issue of equity shares		1	1
Finance costs paid		(2)	(16)
Net cash flow from/ (used in) financing activities	**(C)**	**(14,275)**	**(11,404)**
Net increase/(decrease) in Cash and cash equivalents	**(A+B+C)**	**(4,491)**	**9,048**
Opening Cash and cash equivalents		11,627	2,446
Exchange difference on translation of foreign currency Cash and cash equivalents		38	133
Closing Cash and cash equivalents		**7,174**	**11,627**
Cash and cash equivalents at the end of the period comprises:			
In current accounts		2,165	3,682
In EEFC accounts		89	1,115
In demand deposit accounts		4,920	6,830
		7,174	**11,627**

See accompanying notes to the financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

Pradip P Shah
Chairman

P Srikar Reddy
Managing Director & Chief Executive Officer

Prasanna Oke
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

(a) Equity share capital

	₹ in Lakhs
Balance as at April 1, 2017	1,037
Add: Shares issued on exercise of employee stock options	1
Balance as at March 31, 2018	**1,038**
Balance as at April 1, 2018	1,038
Add: Shares issued on exercise of employee stock options	1
Balance as at March 31, 2019	**1,039**

(b) Other equity

₹ in Lakhs

	Reserves and Surplus (Refer Note 9)				Items of Other Comprehensive Income (Refer Note 9)			Total Other Equity
	Securities premium Reserve	General reserve	ESOP Reserve	Retained Earnings	Remeasurement of the defined benefit plans	Effective Portion of cash flow hedges	Foreign Currency translation reserve	
Balance as at April 1, 2017	4,493	8,292	96	31,813	(19)	1,309	(205)	45,779
Profit for the year				15,128				15,128
Other comprehensive income (net of tax)					(53)	(479)	179	(353)
Total comprehensive income for the year				**15,128**	**(53)**	**(479)**	**179**	**14,775**
Amount transferred to initial amount of hedged item (net of tax)						(1,066)		(1,066)
Employee share based payments			72					72
Payment of cash dividends (Refer note 37)				(9,597)				(9,597)
Dividend distribution tax (Refer note 37)				(1,858)				(1,858)
Balance as at March 31, 2018	**4,493**	**8,292**	**168**	**35,486**	**(72)**	**(236)**	**(26)**	**48,105**
Balance as at April 1, 2018	4,493	8,292	168	35,486	(72)	(236)	(26)	48,105
Profit for the year				17,243				17,243
Other comprehensive income (net of tax)					(16)	1,240	(72)	1,152
Total comprehensive income for the year				**17,243**	**(16)**	**1,240**	**(72)**	**18,395**
Amount transferred to initial amount of hedged item (net of tax)						129		129
Employee share based payments			57					57
Payment of cash dividends (Refer note 37)				(11,940)				(11,940)
Dividend distribution tax (Refer note 37)				(2,470)				(2,470)
Balance as at March 31, 2019	**4,493**	**8,292**	**225**	**38,319**	**(88)**	**1,133**	**(98)**	**52,276**

See accompanying notes to the financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

Pradip P Shah
Chairman

P Srikar Reddy
Managing Director & Chief Executive Officer

Prasanna Oke
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

Notes forming part of financial statements

1 **COMPANY OVERVIEW**

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

The Company is a public limited company incorporated and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. The Company is listed on The National Stock Exchange of India Limited and BSE Limited. The financial statements are approved for issue by the Company's Board of Directors on May 30, 2019.

2 **SIGNIFICANT ACCOUNTING POLICIES**

2.1 **BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS**

a. **Statement of compliance**

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

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

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements.

Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': On March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

b. **Basis of measurement**

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

c. **Use of judgement, estimates and assumptions**

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

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

i) **Income taxes**

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

ii) **Liability towards acquisition of businesses**

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

iii) **Impairment testing**

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

iv) 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 forecast transaction.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional and presentation currency

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

b. Investment in subsidiaries

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

c. Property, plant and equipment

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

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

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

d. Capital work-in-progress

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

e. Depreciation/ Amortisation

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

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The Company assesses at each Balance Sheet date whether there is objective evidence that 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.

f. Financial Instruments

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

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

FVTPL.

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

Non-derivative financial assets

i. Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

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

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

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

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

Non-derivative financial liabilities

Financial liabilities at amortised cost

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

Financial liabilities at FVTPL

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

Derivative financial instruments and hedging activities

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

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

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

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

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

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

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

Offsetting financial instruments

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

Fair value measurement

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

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

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

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

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 a provident fund, which is a defined benefit plan. The employer and employees each make periodic contributions to the plan. A portion of the contribution is made to the approved provident fund trust managed by the Trustees of Sonata Software Limited Provident Fund while the remainder of the contribution is made 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.

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

h. Provisions

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

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

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

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

i. Income Taxes

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

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

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

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

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

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

j. Leases

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

k. Cash flow Statement:

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

l. Revenue Recognition

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

a) **Time and materials contracts**

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

b) **Fixed-price contracts**

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

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

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

c) **Hardware/software products and licenses**

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

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

d) **Maintenance Contracts**

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

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

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

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

m. **Dividend and dividend distribution tax:**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are treated as an appropriation of profits.

n. **Foreign Currency transactions and translations**

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

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

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

o. **Finance Income and expense**

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

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

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

p. Share based payments

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

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

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

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

q. Impairment

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

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

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

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

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

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

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

r. Earnings per share

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

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

s. 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.

t. 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.

u. 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.

v. New standards and interpretations not yet adopted

Ind AS 116 - 'Leases': The Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases on March 30, 2019. This replaces Ind AS 17, related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs (MCA) has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Company is evaluating the effect of the above on its financial statements

Notes forming part of financial statements

3. Property, Plant and Equipment

₹ in Lakhs

	Tangible Assets							
	Land Leasehold	Buildings	Office equipments	Leasehold improvements	Furniture and fixtures	Plant and equipments	Vehicles	Total
Gross carrying value (Deemed cost)								
As at April 1, 2017	276	115	216	491	237	673	8	2,016
Additions	-	-	107	54	59	269	167	656
Disposals	-	-	(6)	(5)	(1)	(2)	-	(14)
As at March 31, 2018	**276**	**115**	**317**	**540**	**295**	**940**	**175**	**2,658**
As at April 1, 2018	276	115	317	540	295	940	175	2,658
Additions	-	-	88	80	24	387	-	579
Disposals	-	-	(18)	-	(19)	(128)	-	(165)
Translation adjustments	-	-	1	-	-	5	-	6
As at March 31, 2019	**276**	**115**	**388**	**620**	**300**	**1,204**	**175**	**3,078**
Accumulated Depreciation								
As at April 1, 2017	11	2	60	130	54	141	3	401
Depreciation for the Year	10	2	91	137	52	184	24	500
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2018	**21**	**4**	**151**	**267**	**106**	**325**	**27**	**901**
As at April 1, 2018	21	4	151	267	106	325	27	901
Depreciation for the Year	13	3	74	143	45	289	46	613
Disposals	-	-	(16)	-	(19)	(114)	-	(149)
Translation adjustments	-	-	1	-	-	1	-	2
As at March 31, 2019	**34**	**7**	**210**	**410**	**132**	**501**	**73**	**1,367**
Net carrying value								
As at March 31, 2018	**255**	**111**	**166**	**273**	**189**	**615**	**148**	**1,757**
As at March 31, 2019	**242**	**108**	**178**	**210**	**168**	**703**	**102**	**1,711**

4.1. Investments

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Trade, Long-term, unquoted and at cost		
In subsidiary companies		
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, 2018 - 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, 2018 - 300,000 Equity shares of 1 US Dollar each - (fully paid))		
2 Equity shares of Euro 12,500 each in Sonata Software GmbH, (fully paid)	32	32
(As at March 31, 2018 - 2 Equity shares of Euro 12,500 each (fully paid))		
800 Equity shares of 1 Pound each in Sonata Europe Limited, (fully paid)	1	1
(As at March 31, 2018 - 800 Equity shares of 1 Pound each (fully paid))		
500 Equity shares in Sonata Software FZ LLC of 1,000 AED each (fully paid)	66	66
(As at March 31, 2018 - 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, 2018 - 98 Equity shares of 1,000 QAR each (fully paid))		
2 Equity shares in Scalable Data Systems Pty. Ltd. of 1 AUD each (fully paid) (As at March 31, 2018 - Nil) (Refer Note 39)	2,237	-

Investment in preference shares (Unquoted)		
2,459,560 - 2% non-cumulative convertible redeemable preference	2,226	2,269
shares of 1 Pound each in Sonata Europe Limited, UK (fully paid)		
(As at March 31, 2018 - 2,459,560 shares of 1 Pound each (fully paid))		

Investments in Mutual Funds (Quoted)

	As at March 31, 2019		As at March 31, 2018	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Birla Sunlife Corporate Bond Fund- Growth Regular	-	-	8,030,000	1,039
IDFC Super Saver Income Fund - Investment Plan Growth	-	-	2,641,424	1,090
HDFC Regular Savings Fund - Regular Plan Growth	-	-	4,503,382	1,551
DSPBR Income Opportunity Fund - Regular Plan Growth	-	-	3,614,375	1,034
ICICI Prudential Corporate Bond Fund - Growth	-	-	7,627,532	2,063
Total		**5,034**		**9,617**
Aggregate carrying amount of quoted investments		-		6,777
Market value of quoted investment		-		6,777
Aggregate carrying amount of unquoted investments		5,034		2,840
Investments carried at cost		2,808		571
Investments carried at fair value through profit & loss		2,226		9,046

4.2. Other financial assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Security deposits	1,459	1,221
Balance held as margin money or security against guarantees	15	15
Total	**1,474**	**1,236**

5. Other non-current assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless otherwise stated		
Capital advances	1	5
Lease pre-payments	52	39
Other deposits	146	154
Prepaid expenses	10	29
Advance Tax	2,587	2,697
Balances with government authorities		
VAT credit receivable, considered doubtful	-	7
Less : Provision for doubtful balances	-	7
	-	-
Other recoverables	5	12
Total	**2,801**	**2,936**

6.1 Investments

Other current investments

Non-trade

Investments in Mutual Fund (Quoted)

(₹in Lakhs)

	As at March 31, 2019		As at March 31, 2018	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Aditya Birla Sunlife Money Manager Fund - growth Regular *	541,322	1,356	-	-
Aditya Birla Sunlife Liquid Fund - Growth Direct	369,957	1,111	-	-
Birla Sun Life Cash Plus - DDR	-	-	550,574	552
Birla Sun Life Short Term Opportunities Fund - Quarterly Dividend-Regular Plan	-	-	18,684,986	1,897
ICICI Prudential short term Fund - Growth*	1,137,375	439	1,137,375	412
ICICI Prudential Money Market Fund	-	-	550,905	552
ICICI Prudential Flexi Income Direct Plan- Daily Dividend	-	-	756,603	800
ICICI Prudential Liquid Fund -Direct Plan Growth	254,568	704	-	-
ICICI Prudential Liquid Plan - Growth*	451,552	1,243	-	-
Tata Money Market Fund Plan A - DDR - Direct	-	-	165,271	1,655
Tata Liquid Fund - Direct Plan Growth	85,788	2,526	-	-
TATA Ultra Short Term Fund DDR Direct Plan	-	-	99,648	1,001
IDFC Cash Fund - Daily Dividend (Direct Plan)	-	-	85,107	853
IDFC Ultra Short term Fund - DDR - Regular Plan	-	-	8,901,109	901
DSP BlackRock Liquidity Fund - Direct Plan - growth	94,278	2,520	35,058	351
DSP BlackRock Money Manager Fund - Direct Plan - DDR	-	-	22,465	521
DSPBR Income Opportunity Fund Regular Plan - Growth	-	-	7,943,679	800
Total		**9,899**		**10,295**
* The investments are on lien for guarantee given against loan borrowed by Sonata Software North America Inc.				
Aggregate amount of quoted investments		9,899		10,295
Market value of quoted investments		9,899		10,295
Investments carried at fair value though profit or loss		9,899		10,295

6.2. Trade receivables

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unsecured		
Considered good*	28,860	18,483
Considered doubtful	452	379
	29,312	18,862
Less : Allowances for credit losses	452	379
Total	**28,860**	**18,483**

* include dues from subsidiaries (Refer note. 38)

Movement in expected credit loss allowance

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the period	345	-
Movement in Expected Credit Loss allowance on Trade Receivables calculated at lifetime Expected Credit Loss	107	345
Provision at the end of the period	**452**	**345**

6.3. Cash and cash equivalents

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Balances with banks		-
In current accounts	2,165	3,682
In EEFC accounts	89	1,115
In demand deposit accounts	4,920	6,830
Total	**7,174**	**11,627**

6.4. Bank balances other than above

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
In fixed deposit accounts	1,061	730
In earmarked accounts		
Unpaid dividend accounts	328	191
Balance held as margin money or security against borrowings	47	18
Total	**1,436**	**939**

6.5. Loans

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Loans and advances to related parties		
Inter-corporate deposits (Refer note. 38)	245	-
Total	**245**	**-**

6.6. Other financial assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Loans and advances to related parties - Advances recoverable (Refer note 38)	685	720
Security deposits	14	12
Interest accrued but not due on bank deposits/margin money	18	17
Interest accrued on inter-corporate deposit (refer note 38)	1	-
Unbilled revenue (refer note 38)	1,902	1,397
Fair value of forward contracts	2,187	-
Total	**4,807**	**2,146**

7. Other current assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Loans and advances to employees	50	35
Prepaid expenses	323	375
Balances with Government authorities		
VAT credit receivable	6	3
GST credit receivable	253	14
Other recoverables	210	85
Total	**842**	**512**

8. Equity share capital

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Authorised		
150,000,000 equity shares of face value ₹ 1/- each	1,500	1,500
(As at March 31, 2018 : 150,000,000 equity shares of face value ₹ 1/- each)		
Issued		
105,159,306 equity shares of face value ₹ 1/- each fully paid-up	**1,052**	**1,052**
(As at March 31, 2018 : 105,159,306 equity shares of face value ₹ 1/- each)		
Subscribed and paid-up		
103,859,431 equity shares of face value ₹ 1/- each fully paid-up	**1,039**	**1,038**
(As at March 31, 2018 : 103,779,431 equity shares of face value ₹ 1/- each)		
Out of issued capital, 1,299,875 (As at March 31, 2018 - 1,379,875) shares are held by Sonata Software Limited Employee Welfare Trust		
Total	**1,039**	**1,038**
Refer notes (i) to (vi) below		

Notes :

		As at March 31, 2019	As at March 31, 2018
i)	**Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year**		
	Equity shares with voting rights		
	Number of shares outstanding at the beginning of the year	103,779,431	103,674,431
	Add: Share issued on exercise of employee stock options	80,000	105,000
		103,859,431	103,779,431
	Add: Number of shares held by Sonata Software Limited Employee Welfare Trust shares Issued consideration other than cash	1,299,875	1,379,875
	Number of shares outstanding at the end of the year	105,159,306	105,159,306

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

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

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

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

iii)	**Details of shares held by each shareholder holding more than 5% shares**	**March 31, 2019**		**March 31, 2018**	
		No. of shares	**% of holding**	**No. of shares**	**% of holding**
	Hemendra M Kothari	10,660,026	10	10,660,026	10
	Akshay Rajan Raheja	8,250,000	8	8,250,000	8
	Viren Rajan Raheja	8,250,000	8	8,250,000	8
	Suman R Raheja	6,900,000	7	6,900,000	7
	HDFC Trustee Company Limited	7,963,557	8	3,711,457	4

			₹ in Lakhs		**₹ in Lakhs**
(iv)	1,299,875 equity shares held by trust of face value ₹ 1/- each		13		14
	(As at March 31, 2018 : 1,379,875 equity shares of face value ₹ 1/- each)				

(v) During the year ended March 31, 2019 on account of interim dividend for fiscal 2019 the Company has incurred a net cash outflow of ₹ 14,410 Lakhs inclusive of dividend distribution tax.

(vi) The Board of Directors, at its meeting on May 30, 2019, recommended a final dividend of ₹ 8.00 per equity share for the financial year ended March 31, 2019. This payment is subject to the approval of share holders in the ensuing Annual General Meeting of the Company, to be held on August 7, 2019 and if approved would result in a net cash outflow of approximately ₹10,142 lakhs, including dividend distribution tax.

9. Other equity

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Securities premium reserve	**4,493**	**4,493**
Amount received on issue of shares in excess of the par value has been classified as security premium, net of utilisation.		
General reserve	**8,292**	**8,292**
This represent appropriation of profit by the company.		
Employee Stock option reserve	**225**	**168**
The represents value of equity - settled share based payment transaction with employees.		
Retained earnings		
Opening balance	35,486	31,813
Profit for the period	17,243	15,128
Less :		
Dividend paid	11,940	9,597
Tax on dividend	2,539	1,927
Set-off of tax on dividend paid by subsidiary	(69)	(69)
Closing balance	**38,319**	**35,486**
Retained earning comprises of the amounts that can be that can be distributed by the company as dividends to its equity share holders.		
Other Comprehensive Income		
Remeasurement of the defined benefit plans		
Opening balance	(72)	(19)
For the period, (net of tax)	(16)	(53)
Closing balance	**(88)**	**(72)**
Actuarial gain or (losses) on gratuity are recognised in other comprehensive income.		
Effective portion of cash flow hedges		
Opening balance	(236)	1,309
Exchange differences on cash flow hedges, (net of tax)	1,240	(479)
Less : Transferred to Statement of Profit and Loss	(129)	1,066
Closing balance	**1,133**	**(236)**
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.		
Exchange difference on foreign currency translation		
Opening balance	(26)	(205)
For the year, (net of tax)	(72)	179
Closing balance	**(98)**	**(26)**
Exchange difference relating to the translation of the results and net assets of the company's foreign operations from their functional currencies to the company's presentation currency are recognised directly in other comprehensive income and accumulated in foreign currency translation reserve.		
Total	**52,276**	**48,105**

10. Other financial liabilities

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Payable for purchase of investment - contingent consideration (refer Note 39)	914	-
Total	**914**	**-**

11. Other non-current liabilities

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Lease rent equalization	858	772
Total	**858**	**772**

12. Other financial liabilities

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unpaid dividends	328	191
Payable on purchase of fixed assets	35	127
Other liabilities	3	3
Reimbursable expenses payable to related party (Refer Note 38)	55	7
Fair value of forward contracts	-	188
Total	**421**	**516**

13. Other current liabilities

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Income received in advance (Unearned revenue)	104	288
Gratuity payable (net) (Refer Note 29)	26	81
Other payables		
Statutory remittances	1,054	894
Advances from customers	9	12
Other liabilities	444	35
Total	**1,637**	**1,310**

14. Provisions

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits - Compensated absences	1,228	990
Total	**1,228**	**990**

15. Current tax liabilities (net)

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Provision for tax	2,159	2,410
Total	**2,159**	**2,410**

15. Income Tax

(₹in Lakhs)

		As at March 31, 2019	As at March 31, 2018
(a)	Income tax expense in the statement of profit and loss consists of:		
	Current Tax:		
	In respect of current period	7,210	4,959
	Deferred Tax:		
	In respect of current period	(516)	(262)
	In respect of prior years	-	-
	Total Income tax expense recognised in the statement of profit and loss	**6,694**	**4,697**
(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	6	17
	Net loss / (gain) on measurement of exchange difference	(454)	97
	Total	**(448)**	**114**
	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	23,937	19,825
	Enacted income tax rate in India	34.94%	34.61%
	Computed expected tax expense	8,365	6,861
	Effect of:		
	Unbilled Revenue	(40)	(84)
	Income exempt from tax	(1,373)	(1,979)
	Expenses that are not deductible in determining taxable profit	138	66
	Expenses that are deductible in determining taxable profit	(30)	(111)
	Tax provisions (Reversals)	(350)	-
	Income taxable at differential rate	50	1
	Others	34	(57)
	Income tax expense recognised in the statement of profit and loss	**6,694**	**4,697**

The applicable Indian corporate statutory tax rate for the year ended March 31, 2019 and March 31, 2018 is 34.94% and 34.61% respectively. The increase in the corporate statutory tax rate to 34.94% is consequent to changes made in the Finance Act, 2018.

The Company has units in Bengaluru registered as Special Economic Zone (SEZ) units, which are entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961. The Company also has Software Technology Parks of India (STPI) units in Bengaluru and Hyderabad which were earlier entitled to a tax holiday under Section 10A of the Income Tax Act, 1961.

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

Deferred Tax assets / (liabilitities) as at March 31, 2019 in relation to:

(₹in Lakhs)

	As on April 1, 2018	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	As on March 31, 2019
Property, plant and equipment	515	72	-	587
Intangible Assets	(16)	(8)	-	(24)
Allowances for credit losses	131	26	-	157
Disallowance u/s 40(a)	114	-	-	114
Disallowance u/s 43B	356	75	-	431
Net gain or loss on Fair value of Mutual Funds	(384)	353	-	(31)
Fair value through other comprehensive income.	114	-	(448)	(334)
Others	226	(2)	-	224
Total	**1,056**	**516**	**(448)**	**1,124**

Deferred Tax assets / (liabilitities) as at March 31, 2018 in relation to: (₹in Lakhs)

	As on April 1, 2017	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	As on March 31, 2018
Property, plant and equipment	366	149	-	515
Other Intangible Assets	6	(22)	-	(16)
Allowances for credit losses	67	64	-	131
Disallowance u/s 40(a)	116	(2)	-	114
Disallowance u/s 43B	380	(24)	-	356
Net gain or loss on Fair value of Mutual Funds	(350)	(34)	-	(384)
Fair value through other comprehensive income.	-	-	114	114
Others	95	131	-	226
Total	**680**	**262**	**114**	**1,056**

Deferred tax assets has not been recognised on accumulated long term capital loss of ₹ 5,292 and ₹ 4,925 as at March 31, 2019 and March 31, 2018 respectively as it is probable that taxable profit will not be available against which the unused tax losses can be utilised in forseable future.

(₹in Lakhs)

Unused tax losses (long term capital loss) which expire in:	As at March 31, 2019	As at March 31, 2018
- AY 2018-19	-	595
-AY 2020-21	1,277	1,277
-AY 2021-22	438	438
-AY 2022-23	2,154	2,154
-AY 2024-25	461	461
-AY 2025-26	962	-
Total	**5,292**	**4,925**

17.1. Revenue from operations

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from software services (Refer note 21)	77,977	64,242
Revenue from software product and licenses	4,842	4,544
Other operating revenues	114	65
Total	**82,933**	**68,851**

17.2. Other income

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest		
from fixed deposits/margin money with banks	290	209
from inter-corporate deposits	107	201
from unwinding of rent deposits discounted	17	21
Dividend income		
from current investments	236	330
from long-term investments in subsidiaries	338	338
Net gain investments carried at fair value through profit and loss	637	496
Net gain on foreign currency transactions and translations	34	2,490
Other non-operating income		
Commission	83	79
Miscellaneous income	26	32
Total	**1,768**	**4,196**

18. Employee benefit expense

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries including bonus	37,134	33,597
Contributions to provident and other funds	2,820	2,330
Share based payments to employees (refer note 30)	265	224
Staff welfare expenses	605	605
	40,824	**36,756**
Less: Deputation cost/Service charges recovered from subsidiary	358	344
Total	**40,466**	**36,412**

19. Finance costs

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expense on:		
Borrowings	1	4
Others	6	1
Other borrowing costs	1	12
Total	**8**	**17**

20. Other expenses

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Power and fuel	568	563
Rent	2,572	2,469
Repairs and maintenance - Buildings	32	43
Repairs and maintenance - Machinery	145	128
Insurance	393	381
Rates and taxes	14	30
Communication cost	352	429
Facility maintenance	577	495
Travelling and conveyance expenses	3,707	2,851
Professional and technical fees	1,127	1,085
Software project fees	196	60
Legal fees	59	34
Insourcing professional fees	3,033	1,467
Software license fees	597	462
Expenditure on Corporate Social Responsibility	287	210
Payments to auditors	43	52
Net loss on fixed assets sold / scrapped	15	-
Doubtful and bad trade receivables	75	170
Miscellaneous expenses	1,378	1,030
	15,170	**11,959**
Less: Service charges recovered from subsidiary	95	111
Total	**15,075**	**11,848**
Note - Payments to auditors comprises (net of input tax credit):		
Statutory audit	37	37
Other services	4	13
Reimbursement of expenses	2	2
	43	**52**

21. Revenue from software services

Effective April 1, 2018 the company adopted Ind AS 115, "Revenue from Contracts with Customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect of adoption of Ind AS 115 was insignificant on financial statements.

Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2019 by contract type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainity of our revenues and cashflows are affected by industry, market and other economic factors.

(₹in Lakhs)

	For the year ended March 31, 2019
Time & Material	75,030
Fixed Price	2,947

Trade receivables and Contract Balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

During the year ended March 31, 2019, ₹ 182 Lakhs of unbilled revenue as of April 1, 2018 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

During the year ended March 31, 2019, the company recognized revenue of ₹ 288 Lakhs arising from opening unearned revenue as of April 1, 2018

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, 2019, other than those meeting the exclusion criteria mentioned above, is ₹ 105 Lakhs. 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.

22. Contingent Liabilities

(₹in Lakhs)

		As at March 31, 2019	As at March 31, 2018
a)	**Guarantees**		
	The Company has given corporate guarantees to certain suppliers of Sonata Information Technology Limited (SITL) and Sonata Software North America (SSNA), its wholly owned subsidiaries.	13,350	16,141
b)	**Disputed demand of Service tax**		
	(i) The Company renders Information Technology related services to some of its clients in India. The Service Tax department had classified these services as 'Manpower Recruitment or Supply Agency Services'. The Company had contested this re-classification and had preferred an appeal before the Central Excise and Service Tax Appellate Tribunal (CESTAT). One of the clients of the Company had indemnified the Company for any demands that may arise on account of service tax liability up to an amount of ₹ 237. The amount included as disputed demand is excluding the amount indemnified by the client.	677	677
	(ii) The demand for payment of service tax for the period from FY 2006-07 to FY 2012-13 on services received and consumed by UK branch of the company and a subsidiary company at USA, treating it as import of service, wrong availment of cenvat credit and usage of software services provided to subsidiary. The company had filed appeal before the Commissioner of Appeals and is confident of getting favorable outcome based on legal precedents which support its stand.	1,028	1,028
c)	**Other claims against the Company not acknowledged as debt**	**2,799**	**937**
d)	**Disputed demands of Income-tax**	**18,488**	**14,011**

Details of disputed demands of Income-tax primarily relate to: **(₹ in Lakhs)**

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

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

The Income-tax department in its assessments has been denying or limiting the benefits of Section 10A of the Act to the multiple undertakings of the Company on the ground that they were in fact one single unit and thus the benefits claimed were in excess of permissible limits, and had raised a demand of ₹ 5,001, (As at March 31, 2018 - ₹ 5,001) for financial years 2007-08 to 2009-10. The company received favourable order from CIT(A) and the Department has preferred an appeal before Income-tax Appellate Tribunal (ITAT).

For the financial year 2005-06 and 2006-07 ₹ 4,570 (As at March 31, 2018- ₹ 2,368), the Company has received favorable order from Income-tax Appellate Tribunal (ITAT) and the Department has preferred an appeal before the Honorable High Court of Mumbai.

For the financial year 2001-02, ITAT had given a favorable order on the ground of income accrued under Section 10A of the Act against which the department had filed an appeal before the Honorable High Court of Mumbai ₹ 149 (As at March 31, 2018 - ₹ 149).

For the financial year 2013-14, ₹ 43 (As at March 31, 2018 - ₹ 43), the Company has preferred an appeal before Commissioner of Income-tax (Appeals) on the ground of income accrued under Section 10A of the Act

For financial year 2010-11 ₹ 2,275 (As at March 31,2018 Nil), 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, its wholly owned subsidiary, for certain support services rendered. During assessments, the Income-tax department denied benefits under Section 10A of the Income Tax Act on such support services and assessed the same as normal business income and raised demand of ₹ 2,337 (As at March 31, 2018 - ₹ 2,337) for financial years 2001-02 to 2004-05. The Company had received favorable orders from ITAT. However, the department preferred an appeal on the said orders before the Honorable High Court of Mumbai.

₹ 116 (As at March 31, 2018- ₹ 116) for the financial year 2010-11. The Company had filed an appeal before the Commissioner of Income-tax (Appeals). The Company has received favorable orders and the Department had preferred an appeal before ITAT which was heard during the year and dismissed. Department has filed appeal before High Court. High Court has admitted the appeal pending hearing

(iii) Transfer Pricing Adjustment

₹ 1,072 (As at March 31, 2018 – ₹ 1,072) for the financial year 2011-12 and financial year 2013-14. The Income-tax department has recommended the upward adjustment in the value of Investment in subsidiary and sale of services to associated enterprises as Transfer Pricing Adjustment in the International transactions in order to consider them to be at arm's length price. The Company had preferred an appeal before Commissioner of Income-tax (Appeals) heard and partly allowed. For the financial year 2011-12, the Company has preferred an appeal before Income-tax Appellate Tribunal (ITAT) and for the financial year 2013-14, the company has preferred an appeal before Commissioner of Income-tax (Appeals).

(iv) Withholding tax demand

The Income-tax department has been contending that amounts paid by the Company for buying the software products is in the nature of 'Royalty' and hence had to withhold Income-tax on the same as per the Income Tax Act and had raised demand of ₹ 2,842 (As at March 31, 2018- ₹ 2,842) for the financial years 1999-00 to 2001-02. The Company's contention has been that the payments were made for purchase of 'Goods' and hence was under no obligation to withhold Income-tax on the same. The Company had received favorable orders from the ITAT which were reversed by the Honorable High Court of Karnataka. The Company had preferred a Special Leave Petition Appeal on the said order to the Honorable Supreme Court of India, which had been admitted. However, for these years one of the principal suppliers of software to the Company had paid taxes of ₹ 879 out of the above demand. The amount included as disputed demand is excluding the amount paid by the supplier.

(v) Deductions claimed under Section 80 O

Prior to the enactment of Section 10A of the Act, the Company claimed deduction for exports made, under Section 80 O of the Act. The department had re-opened the assessments and disallowed certain aspects of the claims made on the contention that cost allocation principles followed for the claim are erroneous and raised a demand of ₹ 83 (As at March 31, 2018 - ₹ 83) for the financial year 1994-95. The Company had received favorable orders from Income-tax Appellate Tribunal. The department had preferred an appeal on the said order before the Honorable High Court of Mumbai.

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.

23. Commitments **(₹ in Lakhs)**

	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	21	1

24. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 **(₹ in Lakhs)**

		As at March 31, 2019	As at March 31, 2018
(i)	Principal amount remaining unpaid to any supplier as at the end of the accounting year	43	35
(ii)	Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii)	The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv)	The amount of interest due and payable for the year	-	-
(v)	The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi)	The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

25. Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2019 and March 31, 2018 is as follows:

(₹ in Lakhs)

		Carrying Value		Fair Value	
	Note No.	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Financial assets					
Amortised Cost					
Loans - Inter-corporate deposits	6.5	245	-	245	-
Trade receivable	6.2	28,860	18,483	28,860	18,483
Cash and cash equivalents	6.3	7,174	11,627	7,174	11,627
Bank balances other than Cash & cash equivalents	6.4	1,436	939	1,436	939
Other financial assets		2,621	2,149	2,621	2,149
FVTPL					
Investment in Mutual Fund (quoted)	6.1	9,899	17,072	9,899	17,072
Forward Contracts	6.6	2,187	-	2,187	-
Security Deposits		1,473	1,233	1,473	1,233
Investment in Equity instruments (unquoted)	4.1	2,808	571	2,808	571
Investment in Preference Shares (unquoted)	4.1	2,226	2,269	2,226	2,269
Total Assets		**58,929**	**54,343**	**58,929**	**54,343**

(₹ in Lakhs)

	Note No.	Carrying Value As at March 31, 2019	Carrying Value As at March 31, 2018	Fair Value As at March 31, 2019	Fair Value As at March 31, 2018
Financial liabilities					
Amortised Cost					
Trade payables		5,160	5,772	5,160	5,772
Other financial liabilities		421	328	421	328
FVTPL					
Forward Contracts	12	-	188	-	188
Payable for acquisition of business - contingent consideration	10	914	-	914	-
Total Liabilities		**6,495**	**6,288**	**6,495**	**6,288**

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, 2019, 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.

26. 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, 2019 and March 31, 2018.

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

(₹ in Lakhs)

	Fair value as at As at March 31, 2019	Fair value as at As at March 31, 2018	Fair value hierarchy	Valuation technique and Key inputs
Investment in Mutual funds	9,899	17,072	Level 1	Fair value is determined based on the Net asset value published by respective funds.
Foreign currency forward contracts	2,187	(188)	Level 2	The fair value of forward foreign contracts are determined using forward exchange rates at the reporting date.
Other financial liabilities	941	-	Level 3	Payable for acquisition of subsidiary is a financial liability.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

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

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Opening balance	2,269	1,990
Remeasurement recognised	(43)	279
Purchases	-	-
Sales	-	-
Closing balance	2,226	2,269

Derivative financial instruments

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

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

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Designated derivative instruments (Sell):		
In USD	615	245
in GBP	127	67
in EUR	33	28

The foreign exchange forward contracts mature anywhere between 0-1.5 year. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Designated derivative instruments (Sell):		
Less than 3 months		
In USD	147	83
in GBP	30	18
in EUR	8	8
More than 3 months		
In USD	468	162
in GBP	97	49
in EUR	25	20

Average rate of coverage	As at March 31, 2019		As at March 31, 2018	
	(₹ in Lakhs)	Weighted Average Rate (₹)	(₹ in Lakhs)	Weighted Average Rate (₹)
USD	615	73.21	245	66.86
GBP	127	98.03	67	90.88
EUR	33	86.42	28	81.26

27. 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	
	As at March 31, 2019	As at March 31, 2018
Revenue from top customer	20,833	16,677
Revenue from top 5 customers	28,648	25,813

One customer accounted for more than 10% of the revenue for the year ended March 31, 2019 and one of the customer accounted for more than 10% of the receivables for the year ended March 31, 2019. One customer accounted for more than 10% of the revenue for the year ended March 31, 2018, however none of the customers accounted for more than 10% of the receivables for the year ended March 31, 2018.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors.

Liquidity risk

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

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

The working capital position of the Company is given below:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	7,174	11,627
Bank balances other than Cash & cash equivalents	1,061	730
Investments in mutual funds (quoted)	6,861	10,295
Inter Corporate deposits with subsidiary	245	-
Trade receivables	28,860	18,483
Other financial assets	4,807	2,146
Other current assets	842	512

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019 and March 31, 2018:

	As at March 31, 2019		
	Less than 1 year	1-2 years	2 years & above
Trade payables	5,160	-	-
Other financial liabilities	421	-	914

	As at March 31, 2018		
	Less than 1 year	1-2 years	2 years & above
Trade payables	5,772	-	-
Other financial liabilities	516	-	-

Foreign Currency risk

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

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

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

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

a) an approximately ₹ 195 Lakhs increase and decrease in the Company's net profit as at March 31, 2019;

b) an approximately ₹ 77 Lakhs increase and decrease in the Company's net profit as at March 31, 2018.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2019 and March 31, 2018.

(₹ in Lakhs)

	USD	GBP	EUR	Other Currencies*
As at March 31, 2019				
Assets				
Trade receivables	3,729	3,182	530	729
Cash and Cash equivalents	462	1,306	92	621
Other assets	454	742	365	34
Liabilities				
Trade Payable	(411)	(497)	(6)	(111)
Other non-current liabilities	-	-	-	(977)
Net assets/liabilities	**4,234**	**4,733**	**981**	**296**
As at March 31, 2018				
Assets				
Trade receivables	8,330	1,619	217	156
Cash and Cash equivalents	258	2,940	618	640
Other non-current assets	6	-	11	10
Liabilities				
Trade Payable	(1,292)	(533)	-	(29)
Net assets/liabilities	**7,302**	**4,026**	**846**	**777**

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

For the year ended March 31, 2019, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.12%/ (0.12)%. For the year ended March 31, 2018, the impact on operating margins would be 0.19%/ (0.19)%.

28. 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, 2019	As at March 31, 2018
Total equity attributable to the equity share holders of the Company	53,315	49,143
As percentage of total capital	100%	100%
Current borrowings	-	-
As a percentage of total capital	-	-
Total capital (borrowings and equity)	53,315	49,143

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.

29. Employee benefit plans

i) Defined contribution plans

Provident fund

a) 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.

Provident fund contributions amounting to ₹ 1,292 Lakhs (for the year ended March 31, 2018 ₹ 1,132 Lakhs) has been charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 18 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, 2019	Year ended March 31, 2018
Employee's State Insurance (as part of Staff welfare expenses in Note 18 Employee benefits expense)	17	21
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 18 Employee benefits expense)	642	533
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in Note 18 Employee benefits expense)	29	29
National Insurance Contribution (as part of Contribution to Provident Fund and other Funds in Note 18 Employee benefits expense)	471	299

ii) Defined benefit plans - Gratuity

As per valuation

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

	As at March 31, 2019	As at March 31, 2018
Discount rate(s)	7.94%	7.87%
Expected rate(s) of salary increase	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality 2006-08	Indian Assured Lives Mortality 2006-08

Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Service Cost:		
Current Service Cost	380	350
Net Interest Expense	6	(13)
Components of defined benefit costs recognised in profit or loss	**386**	**337**
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(27)	15
Actuarial (gains) / losses arising from changes in financial assumptions	(24)	(90)
Actuarial (gains) / losses arising from experience adjustments	73	145
Components of defined benefit costs recognised in other comprehensive income	**22**	**70**

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.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Present value of funded defined benefit obligation	(3,176)	(2,709)
Fair value of plan assets	3,150	2,628
Net (liability) / Assets arising from defined benefit obligation	**(26)**	**(81)**
Movements in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	2,709	2,321
Current service cost	380	350
Interest cost	213	176
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(24)	(90)
Actuarial gains and losses arising from experience adjustments	73	145
Benefits paid	(175)	(193)
Closing defined benefit obligation	**3,176**	**2,709**
Movements in the fair value of the plan assets are as follows:		
Opening fair value of plan assets	2,628	2,488
Interest income	207	189
Return on plan assets (excluding amounts included in net interest expense)	27	(15)
Contributions from the employer	463	159
Benefits paid	(175)	(193)
Closing fair value of plan assets	**3,150**	**2,628**

The major categories of plan assets as a percentage of total plan:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	9.23%	9.39%
Defensive Fund	43.78%	43.90%
Balanced Fund	46.86%	46.58%
Stable Fund	0.13%	0.13%

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

(₹ in Lakhs)

	As at March 31, 2019		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	367	308	320	268
Future salary growth (1% movement)	374	319	326	278

The Company expects to contribute ₹ 483 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.

Experience adjustments (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Present value of defined benefit obligation	3,176	2,709	2,320	1,881	1,707
Fair value of plan assets	3,150	2,628	2,488	1,818	1,691
Surplus / (deficit)	(26)	(81)	168	(63)	(16)
Experience adjustments on plan liabilities - (gain)/losses	73	145	(74)	(9)	434
Experience adjustments on plan assets - (losses)/gain	27	(15)	91	(96)	158

Maturity profile of defined benefit obligation: (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Within 1 year	377	300
1-2 years	115	109
2-3 years	164	120
3-4 years	148	149
4-5 years	135	134
5 years and Above	8,538	7,359

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

30. Share-based payments

(a) Employee share option plan of the 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 approval.

Each vested stock option shall convert into one equity share of the Company upon exercise. The exercise price of the stock option shall be the closing market price of the share on National Stock Exchange of India Ltd on the trading day immediately preceding the date of the grant . The stock options carry neither rights to dividends nor voting rights unless the transfer of shares from the Sonata Software Ltd Employee Welfare Trust to the employee is duly registered by the company . Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current and prior years:

Number of Shares	Grant date	Expiry date	Exercise price (₹)	Fair Value at grant date
375,000	April 1, 2012	April 1, 2017	18.10	4.45 - 6.55
120,000	May 20, 2015	May 20, 2020	165.75	53.35 - 68.45
160,000	August 8, 2016	August 9, 2021	154.45	55.21 - 68.60
60,000	May 29, 2017	May 29, 2022	149.65	43.49 - 55.86
75,000	November 13, 2017	November 14, 2022	191.95	54.78 - 79.62

(ii) Fair value of share options outstanding at the year end

Options are priced using Black - Scholes pricing model.

Inputs into the model

Grant date	April 1, 2012	May 20, 2015	August 8, 2016	May 29, 2017	November 13, 2017
Grant date share price	13.74	148.98	150.09	142.17	188.51
Exercise price	18.10	165.75	154.45	149.65	191.95
Expected volatility	49.84 - 51.82	46.52 - 47.05	43.18 - 44.24	36.47 - 40.61	31.78 - 40.86
Option life	5.00	5.00	5.00	5.00	5.00
Dividend yield	-	-	-	-	-
Risk-free interest rate	8.18 - 8.60	7.79 - 7.86	6.91 - 7.08	6.66 - 6.79	6.52 - 6.81

(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, 2019		For the year ended March 31, 2018	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance at beginning of year	385,000	163.65	355,000	129.46
Granted during the year	-	-	135,000	173.15
Forfeited during the year	-	-	-	-
Exercised during the year	80,000	161.73	105,000	60.29
Expired during the year	-	-	-	-
Balance at end of year	305,000	164.15	385,000	163.65

All outstanding options are exercisable at the end of the respective reporting period.

(iv) Stock options exercised during the year

The following share options were exercised during the year:

Granted on	Number Exercised	Exercised Date	Share price at exercise Date
May 20, 2015	30,000	June 6, 2018	309.10
May 20, 2015	30,000	September 20, 2018	413.40
October 25, 2018	20,000	October 25, 2018	269.65
Total	**80,000**		

The following share options were exercised during the financial year 2017-18:

Granted on	Number Exercised	Exercised Date	Share price at exercise Date
April 1, 2012	75,000	June 2, 2017	159.35
May 20, 2015	15,000	February 26,2018	316.75
May 20, 2015	15,000	March 07,2018	308.80
Total	**105,000**		

(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 ₹ 164.15 (as at March 31, 2018 ₹ 163.65)

(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 has been approved by the Board vide Board meeting dated August 13, 2018.

The Company has also granted stock appreciation rights plan to certain employees during the year which is subject to certain vesting conditions. Details of the grant/issue as at March 31, 2019 are given below:

	For the year ended March 31, 2019			For the year ended March 31, 2018
	As per plan 1 (2018)	As per plan (2019)	As per plan 2 (2018)	As per plan 1 (2018)
Outstanding units as at the beginning of the year	270,000	-	-	-
Number of units granted under letter of intent during the year		101,500	348,000	270,000
Vested units	20,000	-	-	-
Lapsed units	-	-	-	-
Forfeited units	-	-	-	-
Cancelled units	20,000	-	-	-
Outstanding units as at the end of the year	230,000	101,500	348,000	270,000
Contractual life	3yrs	1yr	3yrs	3yrs
Date of grant	May 29, 2017	September 30, 2018	December 18, 2018	May 29, 2017
Grant price per unit (₹)	149.65	200.00	315.30	149.65

The weighted average fair value of each unit under the above mentioned stock appreciation rights plan granted during the year ended March 31, 2019 under Plan (2019) is ₹ 149.42, Plan 2 (2018) is ₹ 90.51 and Plan 1 (2018) is ₹ 169.61 using the Black - Scholes pricing model with the following assumptions:

	As at March 31, 2019		As at March 31, 2018
	As per plan (2019)	As per plan 2 (2018)	As per plan 1 (2018)
Grant date	September 30, 2018	December 18, 2018	May 29, 2017
Exercise price	149.42	86.02-94.65	163.34-177.71
Dividend yield	2.50%	2.50%	2.50%
Expected life	1	3	3
Risk free interest rate	7%	7%	7%
Volatility	45%	45%	45%

31. 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.

32. 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.

33. Details of leasing arrangements

i. The Company has entered into various operating lease agreements for office premises, residential premises, guest houses and certain assets. These leases are cancellable as well as non-cancellable and are for a period of 3 to 99 months and may be renewed based on mutual agreement of the parties.

(₹ in Lakhs)

		As at March 31, 2019	As at March 31, 2018
ii.	The total of future minimum lease payments which are non-cancellable operating leases as mentioned below :		
	Not later than one year	525	576
	Later than one year and not later than 5 years	833	191
	Later than 5 years	-	-
iii.	The Company has subleased a portion of its leased premises cancellable at the option of either parties.	-	-
iv.	The lease payments recognised in the Statement of Profit and Loss are as under :		
	Included in rent	2,626	2,521
	Less : Sub-lease payment received	54	52
	Net rent expenses (Refer Note 20)	2,572	2,469

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

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 ₹ 277 Lakhs (Previous year is ₹ 258 Lakhs)

(ii) Amount spent during the year is ₹ 287 Lakhs (Previous year is ₹ 210 Lakhs)

(iii) Amount unspent is Nil (Previous year is ₹ 48 Lakhs)

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 March 31, 2019		For the year ended March 31, 2018	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Total number of equity shares outstanding	105,159,306	105,159,306	105,159,306	105,159,306
Weighted average number of potential equity shares exercised by Sonata Employee Welfare Trust	(1,299,875)	(1,299,875)	(1,379,875)	(1,379,875)
Weighted average number of equity shares resulting from assumed exercise of employee stock options	49,096	141,979	64,685	107,925
Weighted average number of equity shares for calculation of earning per share	103,908,527	104,001,410	103,844,116	103,887,356

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 November 02, 2018 had declared an interim dividend of 475% (₹ 4.75 per equity share of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on May 30, 2019 have recommended a final dividend of 800% (₹ 8 per equity share of par value ₹ 1 each) which is subject to approval of shareholders. If approved, this would result in a cash outflow of approximately ₹ 10,142 Lakhs inclusive of dividend distribution tax.

The Board of Directors at their meeting held on November 13, 2017 had declared an interim dividend of 375% (₹ 3.75 per equity share of par value of ₹ 1 each). The Board of Directors at its meeting held on May 22, 2018 had recommended a final dividend of 675% (₹ 6.75 per equity share of par value ₹ 1 each). The proposal was approved by shareholders at the Annual General Meeting held on August 13, 2018, this has resulted in a cash outflow of ₹ 8,557 Lakhs, inclusive of dividend distribution tax .

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 North America Inc.
	Sonata Software GmbH
	Sonata Europe Limited
	Sonata Software FZ LLC
	Halosys Technologies Inc., (subsidiary of Sonata Software North America Inc)
	Interactive Business Information Systems Inc. (subsidiary of Sonata Software North America Inc.)
	Scalable Data Systems Pty Ltd (w.e.f. December 21, 2018)
	Rezopia Inc. (subsidiary of Sonata Software North America Inc.)
	Sopris Systems LLC (subsidiary of Sonata Software North America Inc.) (w.e.f. February 15, 2019)
(b) Subsidiary	Sonata Software (Qatar) LLC
(c) Post-employment benefit plan (Refer Note 28)	Sonata Software Limited Gratuity Fund
	Sonata Software Officers' Superannuation Fund
	Sonata Software Provident Fund
(d) Key Management Personnel (KMP)	Mr. P Srikar Reddy, Managing Director & Chief Executive Officer

ii) Transactions with related parties :

(₹ in Lakhs)

	WOS and Subsidiary		KMP	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Rendering of services				
Sonata Software North America Inc.	32,524	27,208		
Sonata Europe Limited	7,090	3,856		
Sonata Software FZ LLC	362	1,168		
Rezopia Inc.	61	165		
Sonata Information Technology Limited	1,630	1,570		
Interactive Business Information Systems Inc.	1,140	647		
Purchase of Software products and licenses				
Sonata Information Technology Limited	786	4,886		
Interactive Business Information Systems Inc.	6	-		
Sonata Software (Qatar) LLC	190	-		
Service charges recovered				
Sonata Information Technology Limited	453	455		
Inter corporate deposits given				
Sonata Information Technology Limited (Refer Note (i) and (ii) below)	16,356	45,179		
Scalable Data Systems Pty Ltd	448	-		
Inter corporate deposits recovered				
Sonata Information Technology Limited	16,356	45,179		
Scalable Data Systems Pty Ltd	196	-		

(₹ in Lakhs)

	WOS and Subsidiary		KMP	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Interest income on inter corporate deposits				
Sonata Information Technology Limited	106	201		
Scalable Data Systems Pty Ltd	1	-		
Recovery of rent				
Sonata Information Technology Limited	54	52		
Dividend received				
Sonata Information Technology Limited	338	338		
Commission received on guarantees given on behalf of subsidiary				
Sonata Information Technology Limited	55	51		
Sonata Software North America Inc.	28	28		
Compensation of key management personnel of the Company				
Short-term employee benefits*			333	335
Share-based payment transactions			130	253
Others			124	94
Total compensation paid to key management personnel			**587**	**682**
Balances outstanding at the end of the year				
Inter corporate deposit				
Scalable Data Systems Pty Ltd	245	-		
Interest acrrued on Inter corporate deposit				
Scalable Data Systems Pty Ltd	1	-		
Trade receivables				
Sonata Software North America Inc.	17,291	10,410		
Sonata Europe Limited	2,217	1,160		
Sonata Software FZ LLC	187	338		
Rezopia Inc.	-	111		
Interactive Business Information Systems Inc.	44	365		
Sonata Information Technology Limited	75	-		
Advances recoverable				
Sonata Information Technology Limited	659	596		
Sonata Europe Limited	18	91		
Sonata Software North America Inc.	5	15		
Sonata Software GmbH	1	-		
Rezopia Inc.	-	5		
Halosys Technologies Inc.	-	3		
Interactive Business Information Systems Inc.	-	10		
Sonata Software (Qatar) LLC	2	-		
Unbilled revenue				
Sonata Information Technology Limited	60			
Sonata Europe Limited	548			
Sonata Software North America Inc.	95			

(₹ in Lakhs)

	WOS and Subsidiary		KMP	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Trade payables				
Sonata Information Technology Limited	244	1,248		
Sonata Europe Limited	-	34		
Sonata Software (Qatar) LLC	131	48		
Reimbursement of expenses payable				
Sonata Software FZ LLC	-	2		
Sonata Software North America Inc.	44	7		
Sonata Europe Limited	11	-		
Guarantees given on behalf of Subsidiary				
Sonata Software North America Inc.	2,478	5,865		
Sonata Information Technology Limited	10,873	10,276		
Payable to key management personnel of the Company				
Short-term employee benefits*			170	170
Share-based payment transactions			249	149
Others			124	94

* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Transactions with WOS and Subsidiary

(i) Maximum balance outstanding during the year is ₹ 36,014 Lakhs (for the year ended March 31, 2018 ₹ 12,105 Lakhs)
(ii) These inter corporate deposits were given for working capital purposes.

Transactions with key management personnel

(a) During the year ended March 31, 2019, Nil (year ended March 31, 2018 - 60,000) were granted to the key management personnel under the Employees Stock options Plan;
(b) During the year ended March 31, 2019, Nil (year ended March 31, 2018 - 165,000) units were granted to the key management personnel under the Stock Appreciation Rights Plan.

39. Acquisition of Scalable Data Systems Pty Ltd ('Scalable')

On December 21, 2018, Sonata Software Limited acquired 100% of voting interests in Scalable Data Systems Pty Ltd, a Australian -based Microsoft Dynamics 365 Value Added Reseller (VAR) and Independent Software Vendor (ISV) focused on Microsoft Dynamics AX (EPR) for a total consideration of upto AUD 4.63 million (approximately ₹ 2,293 Lakhs), comprising of cash consideration of AUD 2.63 million (approximately ₹ 1,309 Lakhs), contingent consideration of upto AUD 2 million (approximately ₹ 984 Lakhs). The fair value of contingent consideration is determined at AVD 1.86 millon (approximately ₹ 917 Lakhs) The payment of contingent consideration is dependent upon the achievement of certain financial targets by Scalable Data Systems Pty Ltd.

For and on behalf of the Board of Directors

Pradip P Shah
Chairman

P Srikar Reddy
Managing Director & Chief Executive Officer

Prasanna Oke
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

Place : Mumbai
Date : May 30, 2019

INDEPENDENT AUDITOR'S REPORT

To The Members of Sonata Software Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Sonata Software Limited** ("the Company") and its subsidiaries, (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	**Revenue from services:** Revenue from services of ₹ 93,251 Lakhs pertaining to time and material contracts is recognised considering hours recorded against each of the contract and agreed prices, billed at various points in time. Due to the time gap between the services rendered and billed, there is an risk of material misstatement that hours recorded may not be accurately considered for recognizing revenue especially towards the year end. Refer Note 19.1 to the consolidated financial statements.	**Principal Audit procedures** Our audit approach was a combination of test of controls and substantive procedures which included the following: • Evaluated the design of internal controls relating to recording of revenues at reporting periods. • Selected a sample of time and material projects and assessed design of controls, tested the operating effectiveness of internal controls relating to revenue recognition. • Tested a sample of invoices using a combination of time records, customer acceptances and pricing agreed as per contractual terms. • Reviewed a sample of contracts in unbilled revenues with subsequent invoicing.
2	**Evaluation of Impairment Assessment of Goodwill** As at March 31, 2019 Goodwill of ₹ 14,519 Lakhs pertains to businesses acquired by the Company. Goodwill is tested by management for impairment atleast on an annual basis and whenever there is an indication that goodwill maybe impaired. The recoverable amount of the CGU is determined based on value in use calculations. Value in use is the present value of future cash flows expected to be derived from the CGU. The key inputs used in the present value calculations includes the expected future growth in operating revenues and margins in the forecast period, long term growth rates and discount rates which are based on significant management assumptions and judgements. Refer note 4 to the Consolidated financial statements.	**Principal Audit procedures:** • Obtained and understanding of and assessed the impairment testing process implemented by Management. • Verified the appropriateness of the model used to calculate value in use. • Evaluate key assumptions relating to business projections and other inputs used in computing the value in use to determine the recoverable amounts. • Considered the sensitivity of value in use to a change in the key assumptions and inputs used by Management.

Sr. No.	Key Audit Matter	Auditor's Response
3	**Evaluation of uncertain tax positions** The Group has material uncertain tax positions including matters under dispute which involves significant judgment to determine the possible outcome of these disputes. Refer Note 25 to the Consolidated Financial Statements	**Principal Audit Procedures** Obtained details of completed tax assessments/demands and assessment orders for the assessment years up to March 31, 2019 from management, and verified the accuracy and completeness of the claims. We obtained the confirmation from the Company's tax expert on completeness and status of the outstanding tax litigations. We have involved our internal experts to challenge the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.

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

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

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

Management's Responsibility for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

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

an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

We did not audit the financial statements of three subsidiaries, whose financial statements reflect total assets of ₹ 11,875 Lakhs as at March 31, 2019, total revenues of ₹ 12,454 Lakhs and net cash inflows amounting to ₹ 2,179 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 associates and joint venture, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates and joint venture is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries referred to in the Other Matters section above we report, 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, returns 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 Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors of the Company as on March 31 2019 taken on record by the Board of Directors of the Company and the report of the statutory auditor of its subsidiary company in India, none of the directors of the Group companies to the extent of such companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

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

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

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

      i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

      ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary company, incorporated in India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No. 110128)

Place: Mumbai
Date: May 30, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Sonata Software Limited of even date)

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of **Sonata Software Limited** (hereinafter referred to as "Company") and its subsidiary company, which is a company incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and, its subsidiary company, which is a company incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent, its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No. 110128)

Place: Mumbai
Date: May 30, 2019

CONSOLIDATED BALANCE SHEET as at March 31, 2019

₹ in Lakhs

	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,203	2,315
Capital work-in-progress		55	28
Goodwill	4	14,519	8,067
Other intangible assets	5	3,220	1,009
Financial assets	6		
Investments	6.1	621	6,845
Other financial assets	6.2	1,912	2,117
Deferred tax assets (net)	18	1,190	1,244
Other non-current assets	7	4,412	6,363
Total non-current assets		**28,132**	**27,988**
Current assets			
Financial assets	8		
Investments	8.1	14,015	12,997
Trade receivables	8.2	81,111	39,644
Cash and cash equivalents	8.3	17,432	33,406
Bank balances other than above	8.4	2,489	1,329
Other financial assets	8.5	6,854	4,275
Other current assets	9	2,775	3,602
Total current assets		**1,24,676**	**95,253**
Total assets		**1,52,808**	**1,23,241**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	10	1,039	1,038
Other equity	11	75,787	64,293
Non-controlling interest		-	(4)
Total Equity		**76,826**	**65,327**
LIABILITIES			
Non-current liabilities			
Financial liabilities	12		
Borrowings	12.1	-	1,868
Other financial liabilities	12.2	3,284	243
Other non-current liabilities	13	1,066	1,025
Total non-current liabilities		**4,350**	**3,136**
Current liabilities			
Financial liabilities	14		
Borrowings	14.1	1,562	-
Trade payables		58,733	43,226
Other financial liabilities	14.2	388	1,920
Other current liabilities	15	4,842	4,205
Provisions	16	1,850	1,437
Current tax liabilities (net)	17	4,257	3,990
Total current liabilities		**71,632**	**54,778**
Total equity and liabilities		**1,52,808**	**1,23,241**

See accompanying notes to the consolidated financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

Pradip P Shah
Chairman

P Srikar Reddy
Managing Director & Chief Executive Officer

Prasanna Oke
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

CONSOLIDATED STATEMENT OF PROFIT & LOSS for the year ended March 31, 2019

₹ in Lakhs

	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
REVENUE			
Revenue from operations	19.1	2,96,090	2,45,394
Other income	19.2	2,725	4,545
Total revenue		**2,98,815**	**2,49,939**
EXPENSES			
Purchase of stock-in-trade (traded goods)	20	1,78,036	1,48,807
Employee benefit expense	21	56,886	51,374
Finance costs	22	339	481
Depreciation and amortization expense	3, 5	1,274	1,241
Other expenses	23	27,607	22,114
Total expenses		**2,64,142**	**2,24,017**
Profit before exceptional item and tax		**34,673**	**25,922**
Add : Exceptional item (Interest income on income tax refund)		276	115
Profit before tax		**34,949**	**26,037**
Tax Expense			
Current tax	17	11,045	7,125
Deferred tax	18	(984)	(301)
Net tax expense		**10,061**	**6,824**
Profit after tax before non-controlling interest		**24,888**	**19,213**
Non-controlling interest		38	40
Profit after tax after non-controlling interest		**24,926**	**19,253**
Other Comprehensive Income			
1 (a) Items that will not be reclassified to profit/(loss)		(22)	(99)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		11	24
		(11)	**(75)**
2 Items that will be reclassified to profit/(loss)			
(a) Exchange differences in translating the financial statements of foreign operations		(76)	286
(b) Exchange differences on forward cover		1,665	(581)
(c) Income tax relating to Items that will be reclassified to profit/(loss)		(348)	72
		1,241	**(223)**
Total		**1,230**	**(298)**
Total Comprehensive Income		**26,156**	**18,955**
Earnings per share (on ₹ 1 per share)	40		
Basic (₹)		23.99	18.54
Diluted (₹)		23.97	18.54

See accompanying notes to the consolidated financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

Pradip P Shah
Chairman

P Srikar Reddy
Managing Director & Chief Executive Officer

Prasanna Oke
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2019

₹ in Lakhs

		For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		**34,949**	**26,037**
Adjustments for :			
Depreciation and amortization expense		1,274	1,241
Finance costs		304	437
Doubtful and bad trade receivables		226	105
Provision/ liabilities no longer required written back		(651)	(120)
Interest from unwinding of rent deposits discounted		(19)	(22)
Interest from fixed deposits/margin money with banks		(483)	(375)
Interest income on income tax refund		(276)	(115)
Dividend income from current investments		(387)	(473)
Net (gain) / loss on sale of fixed assets / scrapped		20	1
Net (gain) / loss on valuation of current investments		(832)	(498)
Discounting of lease deposits debited to rent		(20)	9
Expenses on employee stock based compensation		57	72
Net unrealized foreign exchange gain / (loss)		(2,612)	158
Operating profit before changes in operating assets and Liabilities		**31,550**	**26,457**
Adjustments for:			
Decrease/(Increase) in trade receivables		(39,867)	12,440
Decrease/(increase) in other financial assets non-current		224	(661)
Decrease/(increase) in other financial assets-current		(353)	(819)
Decrease/(increase) in other non-current assets		121	23
Decrease/(increase) in other current assets		869	(282)
(Decrease)/Increase in trade payables		14,797	(1,598)
(Decrease)/increase in other financial liabilities non-current		(63)	(240)
(Decrease)/increase in other current liabilities		480	(1,218)
(Decrease)/increase in other non-current liabilities		41	103
(Decrease)/increase in provisions		249	273
Net cash flow from / (used in) operating activities before taxes		8,048	34,478
Income taxes paid, net of refunds		(8,668)	(5,520)
Net cash flow from / (used in) operating activities	**(A)**	**(620)**	**28,958**

CONSOLIDATED CASH FLOW STATEMENT for the year ended March 31, 2019

₹ in Lakhs

		For the year ended March 31, 2019	For the year ended March 31, 2018
B. CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipments		(803)	(649)
Proceeds from disposal of property plant and equipment		18	14
Purchase of current investments		(118,603)	(131,000)
Purchase of non-current investments		(553)	(62)
Payment towards acquisition of business, net of cash acquired		(3,826)	-
Proceeds from sale of investments		125,581	1,24,990
Bank balances not considered as Cash and cash equivalents		(1,160)	15,876
Interest received		480	1,012
Net cash flow from / (used in) investing activities	**(B)**	**1,134**	**10,181**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds/(repayment) from/(of) short-term borrowings (net)		(1,953)	(2,149)
Dividend paid on equity shares		(11,804)	(9,531)
Dividend taxes paid on equity shares		(2,539)	(1,927)
Proceeds received from issue of equity shares		1	1
Finance costs paid		(309)	(437)
Net cash flow from / (used in) financing activities	**(C)**	**(16,604)**	**(14,043)**
Net increase/(decrease) in Cash and cash equivalents	**(A+B+C)**	**(16,090)**	**25,096**
Opening cash and cash equivalents		33,406	8,100
Exchange difference on translation of foreign currency cash and cash equivalents		116	210
Closing Cash and cash equivalents		**17,432**	**33,406**
Cash and cash equivalents at the end of the year comprises:			
Cash on hand		1	1
Balances with banks			
In Current accounts		6,295	10,048
In EEFC accounts		304	6,668
In demand deposit accounts		10,832	16,689
		17,432	**33,406**

See accompanying notes to the consolidated financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

Pradip P Shah
Chairman

P Srikar Reddy
Managing Director & Chief Executive Officer

Prasanna Oke
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

(a) Equity share capital	₹ in Lakhs
Balance as at April 01, 2017	1,037
Add: Shares issued on exercise of employee stock options	1
Balance as at March 31, 2018	**1,038**
Balance as at April 1, 2018	1,038
Add: Shares issued on exercise of employee stock options	1
Balance as at March 31, 2019	**1,039**

(b) Other equity ₹ in Lakhs

	Reserves and Surplus (Refer Note 11)					Items of Other Comprehensive Income (Refer Note 11)			Total Other Equity	Non Controlling Interest
	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, 2017	4,493	2,787	8,742	96	41,090	(11)	1,572	(766)	58,003	36
Profit for the year	-	-	-	-	19,253	-			19,253	(40)
Other comprehensive income, (net of tax)	-	-	-	-		(75)	(438)	215	(298)	-
Total comprehensive income for the year	-	-	-	-	**19,253**	**(75)**	**(438)**	**215**	**18,955**	**(40)**
Amount transferred to initial amount of hedged item (net of tax)	-	-	-	-		-	(1,199)		(1,199)	-
Employee share based payments	-	-	-	72		-	-	-	72	-
Payment of Cash dividends (refer note 41)	-	-	-	-	(9,597)	-	-	-	(9,597)	-
Dividend distribution tax (refer note 41)	-	-	-	-	(1,926)	-	-	-	(1,926)	-
Balance as at March 31, 2018	**4,493**	**2,787**	**8,742**	**168**	**48,820**	**(86)**	**(65)**	**(551)**	**64,308**	**(4)**
Balance as at April 1, 2018	4,493	2,787	8,742	168	48,820	(86)	(65)	(551)	64,308	(4)
Profit for the period	-	-	-	-	24,926	-	-	-	24,926	(38)
Other comprehensive income, (net of tax)	-	-	-	-		(11)	1,186	55	1,230	-
Total comprehensive income for the year	-	-	-	-	**24,926**	**(11)**	**1,186**	**55**	**26,156**	**(38)**
Amount transferred to initial amount of hedged item (net of tax)	-	-	-	-		-	(1)	-	(1)	-
Adjustment of additional investment in subsidiary	-	-	-	-	(254)	-	-	-	(254)	42
Employee share based payments	-	-	-	-		-	-	-	57	-
Payment of Cash dividends (refer note 41)	-	-	-	-	(11,940)	-	-	-	(11,940)	-
Dividend distribution tax (refer note 41)	-	-	-	-	(2,539)	-	-	-	(2,539)	-
Balance as at March 31, 2019	**4,493**	**2,787**	**8,742**	**225**	**59,013**	**(97)**	**1,120**	**(496)**	**75,787**	**-**

See accompanying notes to the consolidated financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

Pradip P Shah
Chairman

P Srikar Reddy
Managing Director & Chief Executive Officer

Prasanna Oke
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

Notes forming part of Consolidated financial statements

1 COMPANY OVERVIEW

The Consolidated financial statements of Sonata Software Limited ("Sonata" or the "Group") is made up of the Sonata Software Limited together with its subsidiaries Sonata Information Technology Limited, Sonata Software North America Inc., Sonata Software GmbH, Sonata Europe Limited, Sonata Software FZ-LLC, Sonata Software (Qatar) LLC, Rezopia Inc., Halosys Technologies Inc., Interactive Business Information Systems, Inc, Scalable Data Systems Pty Ltd. and Sopris Systems LLC (collectivity refer to 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 and India. The Company is a public limited company incorporated and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. The Company is listed on The National Stock Exchange of India Limited and BSE Limited. The financial statements were approved for issue by the Company's Board of Directors on May 30, 2019.

Material subsidiaries of the Company are:

a) Sonata Information Technology Limited, in India through which it delivers both software development and consulting services and re-selling of product licenses of leading international software companies such as Microsoft, IBM, Oracle etc.; and

b) Sonata Software North America Inc., in USA through which it delivers software development and consulting services to its clients in North America.

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

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance

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

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

The Group has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements.

Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

b. Basis of measurement

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

c. Use of judgement, estimates and assumptions

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

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

i) Income taxes

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

ii) Liability towards acquisition of businesses

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

iii) Impairment testing

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

iv) 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 Company estimates the probability of collection of accounts receivable by analyzing historical payment patterns, customer concentrations, customer credit worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

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

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

2.2 BASIS OF CONSOLIDATION

Sonata consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its controlled trusts and its group companies. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group Companies are consolidated on a line-by-line basis and intra group balances and transactions including unrealized gain/loss from such transactions are eliminated upon consolidation. These Consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. On controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded.

The list of subsidiary companies included in the consolidated financial statements is as under:

Name of the Entity	Country of Incorporation	% of ownership held as at March 31, 2019	% of ownership held as at March 31, 2018
Sonata Information Technology Limited	India	100%	100%
Sonata Software North America Inc.	USA	100%	100%
Sonata Europe Limited	UK	100%	100%
Sonata Software GmbH	Germany	100%	100%
Sonata Software FZ LLC	UAE	100%	100%
Sonata Software (Qatar) LLC	Qatar	49%	49%
Rezopia Inc.	USA	100%	60%
Halosys Technologies Inc.	USA	100%	100%
Interactive Business Information Systems Inc.	USA	100%	100%
Scalable Data Systems Pty Ltd	Australia	100%	-
Sopris Systems LLC	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 North America Inc. acquired balance 40% of ownership on 11th January 2019 which increased ownership from 60% to 100%.
iii) Sonata Software Limited acquired Scalable Data Systems Pty Ltd on December 21 , 2018.
iv) Sonata Software North America Inc. acquired Sopris Systems LLC on February 5, 2018."

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional and presentation currency

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

b. Property, plant and equipment

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

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

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

c. Capital work-in-progress

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

d. Depreciation/ Amortisation

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

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

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

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

e. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straightline basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangible assets for the current and comparative period are as follows:

Category	Useful Life
Computer Software	3 years
Internally generated - Software	2 years
Intellectual property acquired through business combinations	5 years
Non competent covenant	4 years
Vendor relationships	7 years
Customer relationships	7 years

f. Financial Instruments

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

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

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

Non-derivative financial assets

i. Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

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

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

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

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

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

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

Offsetting financial instruments

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

Fair value measurement

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

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

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

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

g. Employee Benefits

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 a provident fund, which is a defined benefit plan. The employer and employees each make periodic contributions to the plan. A portion of the contribution is made to the approved provident fund trust managed by the Trustees of Sonata Software Limited Provident Fund while the remainder of the contribution is made 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 Group has an obligation to make good the shortfall, if any, between the return from the investments of the Trust and the notified interest rate.

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

Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using projected unit method. The Group fully contributes all ascertained liabilities to the trust managed by the Trustees of Sonata Software Limited Gratuity Fund. The Trustees 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 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 Trust, the corpus of which is invested with the Life Insurance Company.

Short-term employee benefits

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

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

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

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

h. Provisions

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

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

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

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

i. Income Taxes

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

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

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

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

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

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

j. Leases

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments under operating leases are recognised as an expense on a straight line basis in the Consolidated Statement of Profit and Loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

k. Cash flow Statement:

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

l. Revenue Recognition

The Group derives revenue primarily from Information Technology Services and Solutions. The 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 when services are rendered and related costs are incurred.

b) Fixed-price contracts

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

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

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

c) Hardware/software products and licenses

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

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

d) Maintenance Contracts

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

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

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

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

m. Dividend and dividend distribution tax:

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are treated as an appropriation of profits.

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 statement of profit and loss, using the effective interest method.

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

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

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 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 Consolidated Statement of Profit and Loss."

b) Non-financial assets

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

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

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

r. Business combination, Goodwill and Intangible assets

Business combinations other than through common control transactions are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Business combinations through common control transactions are accounted on a pooling of interests method.

Transaction costs incurred in connection with a business combination are expensed as incurred.

i) Goodwill

The excess of the cost of acquisition over the Company's share in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities is recognized as goodwill. If the excess is negative, it is considered as a bargain purchase gain and included under capital reserve.

ii) Intangible assets

Ind AS 103 requires the identifiable intangible assets and contingent consideration to be fair valued in order to ascertain the net fair value of identifiable assets, liabilities and contingent liabilities of the acquiree. Significant estimates are required to be made in determining the value of contingent consideration and intangible assets. These valuations are conducted by independent valuation experts.

s. Earnings per share

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

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

t. Contingent Liabilities

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events not wholly within the control of the 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 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.

w. New standards and interpretations not yet adopted

Ind AS 116 - 'Leases': The Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases on March 30, 2019. This replaces Ind AS 17,related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Currently, operating lease expenses are charged to the Consolidated statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Group is evaluating the effect of the above on its Consolidated financial statements.

Notes forming part of financial statements

3. Property, Plant and Equipment

₹ in Lakhs

	Tangible Assets							
	Lease hold Land	Buildings	Office equipments	Leasehold improvements	Furniture and fixtures	Plant and equipments	Vehicles	Total
Gross carrying value (Deemed cost)								
As at April 1, 2017	276	115	285	1,035	380	1,010	8	3,109
Additions	-	-	109	54	60	356	196	775
Disposals	-	-	(7)	(5)	(1)	(3)	-	(16)
As at March 31, 2018	**276**	**115**	**387**	**1,084**	**439**	**1,363**	**204**	**3,868**
As at April 1, 2018	276	115	387	1,084	439	1,363	204	3,868
Acquisitions through business combinations	-	-	65	-	116	106	-	287
Additions	-	-	94	88	24	483	-	689
Disposals	-	-	(23)	-	(30)	(130)	(29)	(212)
Translation adjustment	-	-	12	11	6	52	-	81
As at March 31, 2019	**276**	**115**	**535**	**1,183**	**555**	**1,874**	**175**	**4,713**
Accumulated Depreciation								
As at April 1, 2017	11	2	78	286	96	265	3	741
Depreciation for the Year	10	2	118	255	89	307	31	812
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2018	**21**	**4**	**196**	**541**	**185**	**572**	**34**	**1,553**
As at April 1, 2018	21	4	196	541	185	572	34	1,553
Acquisitions through business combinations	-	-	65	-	115	99	-	279
Depreciation for the Year	13	3	86	198	71	398	47	816
Disposals	-	-	(23)	-	(30)	(115)	(7)	(175)
Translation adjustment	-	-	7	2	4	24	-	37
As at March 31, 2019	**34**	**7**	**331**	**741**	**345**	**978**	**74**	**2,510**
Net carrying value								
As at March 31, 2018	**255**	**111**	**191**	**543**	**254**	**791**	**170**	**2,315**
As at March 31, 2019	**242**	**108**	**204**	**442**	**210**	**896**	**101**	**2,203**

4. Goodwill

(i) Reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period:

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Cost or deemed cost	14,519	8,067
Accumulated impairment losses	-	-
	14,519	**8,067**

Cost or deemed cost ₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Balance at beginning of year	8,067	8,029
Additional amounts recognised from business combinations occurring during the year (Refer note 36,37)	6,091	-
Effect of foreign currency exchange differences	361	38
Balance at end of year	**14,519**	**8,067**

(ii) Allocation of goodwill to cash generating units:

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash generating units (CGU), to be benefited through the synergies of the acquisition. On each reporting date, the company reviews the goodwill for any impairment, which is represented through CGU's.

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

Cash generating units ₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Xyka	282	282
Rezopia Inc.	834	786
Halosys Technologies Inc.	2,123	1,989
Interective Business Information Systems Inc.	5,316	5,010
Scalable Data System Pty Ltd.	1,816	-
Sopris Systems, LLC	4,148	-
Total	**14,519**	**8,067**

At the end of each reporting period, the recoverable amount of a CGU is higher of its fair value less cost to sell and its value-in-use. The fair value of a CGU is determined based on the net fair value of the identifiable assets, liabilities and contingent liabilities. 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 seven years discounted at the rate of 18%. Cash flow projections are based on financial budgets approved by management.

As at the end of each financial years, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not required.

5. Other intangible assets

₹ in Lakhs

	Computer software - purchased	Internally generated - software	Intellectual property	Non compete agreement	Vendor relationship	Customer relationship	Contracts in progress	Total of Intangible Assets
Gross carrying value (Deemed cost)								
As at April 1, 2017	3	450	160	26	1,075	64	-	1,778
Additions	4	-	-	-	-	-	-	4
Disposals	-	-	3	-	-	-	-	3
As at March 31, 2018	**7**	**450**	**163**	**26**	**1,075**	**64**	**-**	**1,785**
As at April 1, 2018	7	450	163	26	1,075	64	-	1,785
Acquisitions through business combinations	-	-	489	-	-	1,503	705	2,697
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Translation adjustment	(4)	30	3	-	6	8	4	47
As at March 31, 2019	**3**	**480**	**655**	**26**	**1,081**	**1,575**	**709**	**4,529**
Accumulated Depreciation								
As at April 1, 2017	3	130	35	8	163	8	-	347
Depreciation for the Year	4	215	35	7	159	9	-	429
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2018	**7**	**345**	**70**	**15**	**322**	**17**	**-**	**776**
As at April 1, 2018	7	345	70	15	322	17	-	776
Acquisitions through business combinations	-	-	-	-	-	-	-	-
Depreciation for the Year	-	99	53	8	171	51	76	458
Disposals	-	-	-	-	-	-	-	-
Translation adjustment	(4)	29	9	1	38	2	-	75
As at March 31, 2019	**3**	**473**	**132**	**24**	**531**	**70**	**76**	**1,309**
Net carrying value								
As at March 31, 2018	**-**	**105**	**93**	**11**	**753**	**47**	**-**	**1,009**
As at March 31, 2019	**-**	**7**	**523**	**2**	**550**	**1,505**	**633**	**3,220**

6.1. Investments

₹ in Lakhs

	As at March 31, 2019	As at March 31, 2018
Non-Trade, Long-term		
In Foreign Holdings		
Equity instruments carried at fair value (Quoted) through profit & loss		
138 shares of US $ 0.01 per share of Principal Financial Group Inc.,	5	6
(As at March 31, 2018 : 138 Shares of US $ 0.01 per share)		
Equity instruments carried at fair value (Unquoted) through OCI		
223 Equity shares of DKK 1,000 on a value of DKK 2,733 per share in IZARA Aps.,	63	62
(As at March 31, 2018 : 223 shares of DKK 2,733 per share)		
Investment in simple for future equity - Retail 10X, Inc.	553	-

Investments in mutual funds (Quoted)

	As at March 31, 2019		As at March 31, 2018	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Birla Sunlife Corporate Bond Fund- Growth Regular	-	-	8,030,000	1,039
IDFC Super Saver Income Fund - Investment Plan Growth	-	-	2,641,424	1,090
HDFC Regular Savings Fund - Regular Plan Growth	-	-	4,503,382	1,551
DSPBR Income Opportunity Fund Regular Plan - Growth	-	-	3,614,375	1,034
ICICI Prudential Corporate Bond Fund - Growth	-	-	7,627,532	2,063
Total		**621**		**6,845**
Aggregate amount of quoted investments		5		6,783
Market value of quoted investment		5		6,783
Aggregate carrying amount of unquoted investments		616		62
Investments carried at fair value through other comprehensive income		616		62
Investments carried at fair value through profit & loss		5		6,783

6.2. Other financial assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Security deposits	1,563	1,287
Balance held as margin money or security against borrowings	349	830
Interest accrued but not due on margin money	-	-
Total	**1,912**	**2,117**

7. Other non-current assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless otherwise stated		
Capital advances	1	5
Lease pre-payments	60	40
Other deposits	170	172
Prepaid expenses	9	107
Advance tax	3,927	5,775
Balances with government authorities		
Receivable from Customs authority	219	219
Receivable from GST authority	1	14
Considered doubtful	-	7
	220	240
Less : Provision for doubtful balances	-	7
	220	233
Other recoverables		
Considered good	25	31
Considered doubtful	125	125
	150	156
Less : Allowance for doubtful recoverable	125	125
	25	31
Total	**4,412**	**6,363**

8.1. Investments

(₹in Lakhs)

Non-trade Investments in mutual funds (Quoted)	As at March 31, 2019		As at March 31, 2018	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Aditya Birla Sunlife Money Manager Fund - growth Regular *	541,322	1,356	-	-
Aditya Birla Sunlife Liquid Fund - Growth Direct	369,957	1,111	-	-
Birla Sun Life Cash Plus - DDR	350,997	1,054	12,49,671	1,252
Birla Sun Life Short Term Opportunities Fund - Quarterly Dividend-Regular Plan	-	-	18,684,986	1,898
ICICI Prudential short term Fund - Growth *	1,137,375	439	1,137,375	412
ICICI Prudential Money Market Fund	-	-	550,905	552
ICICI Prudential Flexi Income Direct Plan- Daily Dividend	-	-	756,603	800
ICICI Prudential Liquid Fund -Direct Plan Growth	581,435	1,607	-	-
ICICI Prudential Liquid Fund - Growth *	451,552	1,244	-	-
Tata Money Market Fund Plan A - DDR - Direct	119,880	3,530	165,271	1,655
TATA Ultra Short Term Fund DDR Direct Plan	-	-	159,437	1,601
IDFC Cash Fund - Daily Dividend (Direct Plan)	-	-	85,107	853
IDFC Ultra Short term Fund - DDR - Regular Plan	-	-	15,824,193	1,601
DSP BlackRock Liquidity Fund - Direct Plan - DDR	137,455	3,674	35,058	351
DSP BlackRock Money Manager Fund - Direct Plan - DDR	-	-	22,465	521
DSP BlackRock Income Opportunity Fund Regular Plan - Growth	-	-	7,943,679	800
DSP BlackRock Low Duration Fund	-	-	6,950,719	701
Total		**14,015**		**12,997**
* The investments are on lien for guarantee given againts loan borrowed by Sonata Software North America Inc.				
Aggregate amount of quoted investments		14,015		12,997
Market value of quoted investment		14,015		12,997
Investments carried at fair value though profit or loss		14,015		12,997

8.2. Trade receivables

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unsecured		
Considered good	81,111	39,644
Considered doubtful	1,354	1,023
	82,465	40,667
Less : Allowances for credit losses	1,354	1,023
Total	**81,111**	**39,644**

Movement in expected credit loss allowance

Balance at the beginning of the period	345	-
Movement in expected credit loss allowance on Trade Receivables calculated at lifetime expected credit loss	124	345
Provision at the end of the period	469	345

8.3. Cash and cash equivalents

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Cash on hand	1	1
Balances with banks		
In current accounts	6,295	10,048
In EEFC accounts	304	6,668
In demand deposit accounts	10,832	16,689
Total	**17,432**	**33,406**

8.4. Bank balances other than above

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
In fixed deposit accounts	1,060	730
In earmarked accounts		
Balance held as margin money or security against borrowings	1,101	408
Unpaid dividend accounts	328	191
Total	**2,489**	**1,329**

8.5. Other financial assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Security deposits	92	89
Interest accrued but not due on fixed deposits/margin money	21	19
Unbilled revenue	4,466	4,115
Fair value of forward contracts	2,275	52
Total	**6,854**	**4,275**

9. Other current assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Other deposits	146	185
Loans and advances to employees	111	84
Prepaid expenses	549	562
Balances with government authorities		
Receivable from service tax authority	71	71
VAT credit receivable	139	225
GST credit receivable	379	318
Other recoverables	1,380	2,157
Total	**2,775**	**3,602**

10. Equity share capital

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Authorised		
150,000,000 equity shares of face value ₹ 1/- each	**1,500**	**1,500**
(As at March 31, 2018 : 150,000,000 equity shares of face value ₹ 1/- each)		
Issued		
105,159,306 equity shares of face value ₹ 1/- each fully paid-up	**1,052**	**1,052**
(As at March 31, 2018 : 105,159,306 equity shares of face value ₹ 1/- each)		
Subscribed and paid-up		
103,859,431 equity shares of face value ₹ 1/- each fully paid-up	1,039	1,038
(As at March 31, 2018 : 103,779,431 equity shares of face value ₹ 1/- each)		
Out of issued capital, 1,299,875 (As at March 31, 2018 - 1,379,875) shares are held by Sonata Software Limited Employee Welfare Trust		
Total	**1,039**	**1,038**
Refer notes (i) to (vi) below		

Notes :

		As at March 31, 2019	As at March 31, 2018
i)	**Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year**		
	Equity shares with voting rights		
	Number of shares outstanding at the beginning of the year	103,779,431	103,674,431
	Add: Share issued on exercise of employee stock options	80,000	105,000
		103,859,431	103,779,431
	Add: Number of shares Issued to Sonata Software Limited Employee Welfare Trust in consideration other than cash	1,299,875	1,379,875
	Number of shares outstanding at the end of the year	105,159,306	105,159,306

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

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

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

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

iii) Details of shares held by each shareholder holding more than 5% shares

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% of holding	No. of shares	% of holding
Hemendra M Kothari	10,660,026	10	10,660,026	10
Akshay Rajan Raheja	8,250,000	8	8,250,000	8
Viren Rajan Raheja	8,250,000	8	8,250,000	8
Suman R Raheja	6,900,000	7	6,900,000	7
HDFC Trustee Company Limited	7,963,557	8	3,711,457	4

		₹ in Lakhs		₹ in Lakhs
(iv) 1,299,875 equity shares held by trust of face value ₹ 1/- each		13		14
(As at March 31, 2018 : 1,379,875 equity shares of face value ₹ 1/- each)				

(v) During the year ended March 31, 2019 on account of final dividend for fiscal 2018 and interim dividend for the fiscal year 2019 the Company has incurred a net cash outflow of ₹ 14,480 Lakhs inclusive of dividend distribution tax.

(vi) The Board of Directors, at its meeting on May 30, 2019, recommended a final dividend of ₹ 8.00 per equity shares for the financial year ended March 31, 2019. This payment is subject to the approval of share holders in the ensuing Annual General Meeting of the Company, to be held on August 7, 2019 and if approved would result in a net cash outflow of approximately ₹10,142 Lakhs, including dividend distribution tax.

11. Other equity

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Securities premium reserve	**4,493**	**4,493**
Amount received on issue of shares in excess of the par value has been classified as security premium, net of utilisation.		
Capital redemption reserve	**2,787**	**2,787**
A statutory reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of company's own share pursuant to section 69 of the Companies Act 2013.		
General reserve	**8,742**	**8,742**
This represent appropriation of profit by the company.		
Employee Stock option reserve	**225**	**168**
This represents value of equity-settled share based payment transaction with employees.		
Retained earnings		
Opening balance	48,820	41,090
Adjustment on purchase of non controlling interest	(254)	-
Profit for the year	24,926	19,253
Less :		
Dividend paid	11,940	9,597
Tax on dividend	2,608	1,995
Set-off of tax on dividend paid by subsidiary	(69)	(69)
Closing balance	**59,013**	**48,820**
Retained earnings comprises of the amounts that can be distributed by the company as dividends to its equity share holders.		
Other comprehensive income		
Remeasurement of the defined benefit plans		
Opening balance	(86)	(11)
For the year, (net of tax)	(11)	(75)
Closing balance	**(97)**	**(86)**
Actuarial gain or (losses) on gratuity benefit are recognised in other comprehensive income.		
Effective portion of cash flow hedges		
Opening balance	(80)	1,572
Exchange difference on cash flow hedges, (net of tax)	1,186	(438)
Less : Transferred to Consolidated Statement of Profit and Loss	(14)	1,214
Closing balance	**1,120**	**(80)**
The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.		
Exchange difference on foreign currency translation		
Opening balance	(551)	(766)
For the period, (net of tax)	55	215
Closing balance	**(496)**	**(551)**
Exchange difference relating to the translation of the result and net assets of the company's foreign operations from their functional currencies to the company's presentation currency are recognised directly in other comprehensive income and accumulated in foreign currency translation reserve.		
Total	**75,787**	**64,293**

12.1. Borrowings

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Term loan		
From bank - Secured	-	1,868
Total	**-**	**1,868**

12.2. Other financial liabilities

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Payable for acquisition of business - contingent consideration	3,145	243
Others	139	-
Total	**3,284**	**243**

13. Other non-current liabilities

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Lease rent equalization	1,066	1,025
Total	**1,066**	**1,025**

14.1. Borrowings

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Loans repayable on demand		
From banks - Secured*	1,487	-
From banks - Unsecured**	75	-
Total	**1,562**	**-**

* The loan is secured by a mortgage over the group's investment in mutual funds carrying a interest rate of LIBOR+1.25% p.a on the outstanding amount of loan. Repayment of principal is in twelve equal quarterly installments from February, 2017.

The loan is repayable by November, 2019. There is no default in the repayment of the principal loan and interest amounts.

** The loan is an unsecured loan repayable in four non-equated instalments as agreed at the time of borrowing beginning from November 1, 2018. The loan is repayable by August 1, 2019. There is no default in the repayment of the principal loan and interest amounts.

14.2. Other financial liabilities

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current maturities of long-term debt	-	1,505
Interest accrued but not due on borrowings	7	13
Unpaid dividends	328	191
Payable on purchase of fixed assets	50	135
Other liabilities	3	3
Fair value of forward contracts	-	73
Total	**388**	**1,920**

15. Other current liabilities

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Income received in advance (Unearned revenue)	970	301
Lease rent equalization	56	52
Gratuity payable (net) (Refer Note 30)	22	98
Other payables		
Statutory remittances	2,689	3,206
Advances from customers	416	492
Other liabilities	689	56
Total	**4,842**	**4,205**

16. Provisions

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Compensated absences	1,833	1,416
Gratuity	17	21
Total	**1,850**	**1,437**

17. Current tax liabilities (net)

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Provision for tax	4,257	3,990
Total	**4,257**	**3,990**

17. Income Tax

(₹in Lakhs)

		For the year ended March 31, 2019	For the year ended March 31, 2018
(a)	Income tax expense in the statement of profit and loss consists of:		
	Current Tax:		
	In respect of current period	11,045	7,125
	Deferred Tax:		
	In respect of current period	(984)	(301)
	Total Income tax expense recognised in the statement of profit and loss	**10,061**	**6,824**
(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	11	24
	Net loss / (gain) on measurement of exchange difference	(348)	72
	Total	**(337)**	**96**
	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	34,949	26,037
	Enacted income tax rate in India	34.94%	34.61%
	Computed expected tax expense	12,213	9,011
	Effect of:		
	Unbilled Revenue	(40)	(84)
	Income exempt from tax	(1,426)	(2,034)
	Expenses that are not deductible in determining taxable profit	175	108
	Expenses that are deductible in determining taxable profit	(30)	(111)
	Tax Provisions (reversals)	(350)	-
	Different tax rates of Subsidiaries operating in other jurisdictions	(480)	292
	Effect of Income taxable at differential rate	(50)	-
	Others	49	240
	Income tax expense recognised in the statement of profit and loss	**10,061**	**7,422**

The applicable Indian corporate statutory tax rate for the year ended March 31, 2019 and March 31, 2018 is 34.94% and 34.61% respectively. The increase in the corporate statutory tax rate to 34.94% is consequent to changes made in the Finance Act, 2018.

The Group has units in Bengaluru registered as Special Economic Zone (SEZ) units, which are entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961. The Group also has Software Technology Parks of India (STPI) units in Bengaluru and Hyderabad which were earlier entitled to a tax holiday under Section 10A of the Income Tax Act, 1961.

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 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

Deferred Tax assets / (liabilitities) as at March 31, 2019 in relation to:

(₹in Lakhs)

	As on April 1, 2018	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Others	As on March 31, 2019
Property, plant and equipment	443	136	-	-	579
Intangible Assets	28	19	-	-	47
Allowances for credit losses	131	25	-	-	156
Disallowance u/s 40(a)	296	219	-	-	515
Disallowance u/s 43B	395	65	-	-	460
Net gain or loss on fair value of Mutual Funds	(384)	353	-	-	(31)
Fair value through other comprehensive income.	157	-	(337)	-	(180)
Others	178	167	-	(701)	(356)
Total	**1,244**	**984**	**(337)**	**(701)**	**1,190**

Deferred Tax assets / (liabilities) as at March 31, 2018 in relation to:

	As on April 1, 2017	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Others	As on March 31, 2018
Property, plant and equipment	202	166	-	75	443
Intangible Assets	(43)	(25)	-	96	28
Allowances for credit losses	67	64	-	-	131
Disallowance u/s 40(a)	187	2	-	107	296
Disallowance u/s 43B	406	(11)	-	-	395
Net gain or loss on fair value of Mutual Funds	(350)	(34)	-	-	(384)
Fair value through other comprehensive income.	38	-	96	23	157
Others	(52)	139	-	91	178
Total	**455**	**301**	**96**	**392**	**1,244**

Deferred tax assets has not been recognised on accumulated long term capital loss of ₹ 5,292 and ₹ 4,925 as at March 31, 2019 and March 31, 2018 respectively as it is probable that taxable profit will not be available against which the unused tax losses can be utilised in for seable future.

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unused tax losses (long term capital loss) which expire in:		
-AY 2018-19	-	595
-AY 2020-21	1,277	1,277
-AY 2021-22	438	438
-AY 2022-23	2,154	2,154
-AY 2024-25	461	461
-AY 2025-26	962	-
Total	**5,292**	**4,925**

19.1. Revenue from operations

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from hardware/software product and licenses	188,529	156,637
Revenue from software services (Refer note 24)	107,325	88,540
Other operating revenues	236	217
Total	**296,090**	**245,394**

19.2. Other income

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest		
from fixed deposits/margin money with banks	483	375
from unwinding of rent deposits discounted	19	22
Dividend income from current investments	387	473
Net gain on foreign currency transactions and translations	135	2,939
Net gain on sale of current investments	832	498
Other non-operating income		
Provisions/liabilities no longer required written back	651	120
Commission received	2	79
Miscellaneous income	216	39
Total	**2,725**	**4,545**

20. Purchase of stock-in-trade (traded goods)

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Purchase of traded items	1,78,036	1,48,807
Total	**1,78,036**	**1,48,807**

21. Employee benefit expense

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries including bonus	51,684	46,947
Contribution to provident and other funds	3,239	2,660
Share based payments to employees (refer note 31)	398	353
Gratuity (Unfunded)	12	13
Staff welfare expenses	1,553	1,401
Total	**56,886**	**51,374**

22. Finance costs

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expenses on:		
Borrowings	186	234
Others	35	44
Other borrowing costs	118	203
Total	**339**	**481**

23. Other expenses

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Power and Fuel	624	615
Rent	3,342	3,136
Repairs and maintenance - Buildings	33	44
Repairs and maintenance - Machinery	148	133
Insurance	658	625
Rates and taxes	723	580
Communication cost	622	687
Facility maintenance	720	609
Travelling and conveyance expenses	4,499	3,631
Sales commission	728	689
Professional and technical fees	2,532	2,335
Legal fees	186	78
Insourcing professional fees	8,866	5,819
Net loss on fixed assets sold / scrapped	20	1
Expenditure on corporate social responsibility	388	305
Doubtful and bad trade receivables	226	105
Software license fees	659	464
Payments to auditors	112	127
Miscellaneous expenses	2,521	2,131
Total	**27,607**	**22,114**
Note - Payment to auditors comprises (net of input tax credit):		
Remuneration to statutory auditors for audit of Company and its subsidiaries	106	106
Remuneration to statutory auditors for other services	4	19
Reimbursement of expenses	2	2
	112	**127**

24. Revenue from software services

Effective April 1, 2018 the company adopted Ind AS 115, "Revenue from Contracts with Customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect of adoption of Ind AS 115 was insignificant on financial statements.

Disaggregate revenue information

The table below presents disaggregated revenues From contracts with customers by geography and contract type for the year ended March 31, 2019. 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.

	For the year ended March 31, 2019	
	India	**Other than India**
Time & Material	5,198	88,053
Fixed Price	1,784	12,290

Trade receivables and Contract Balances

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

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

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

Invoicing in excess of earnings are classified as unearned revenue.

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

During the year ended March 31, 2019, ₹ 489 Lakhs of unbilled revenue as of April 1, 2018 has been reclassified to Trade receivables upon billing to customers on completion of milestones.

During the year ended March 31, 2019 , the company recognized revenue of ₹ 291 Lakhs arising from opening unearned revenue as of April 1, 2018

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, 2019, other than those meeting the exclusion criteria mentioned above, is ₹ 598 Lakhs. 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)

		As at March 31, 2019	As at March 31, 2018
a)	**Guarantees**		
	The Company has given corporate guarantees to certain suppliers of Sonata Information Technology Limited (SITL) and Sonata Software North America (SSNA), its wholly owned subsidaries.	13,350	16,141
b)	**Disputed demand of Service tax**		
	(i) The Company renders Information Technology related services to some of its clients in India. The Service Tax department had classified these services as 'Manpower Recruitment or Supply Agency Services'. The Company had contested this re-classification and had preferred an appeal before the Central Excise and Service Tax Appellate Tribunal (CESTAT). One of the clients of the Company had indemnified the Company for any demands that may arise on account of service tax liability up to an amount of ₹ 237. The amount included as disputed demand is excluding the amount indemnified by the client.	677	677
	(ii) The demand for payment of service tax for the period from FY 2006-07 to FY 2012-13 on services received and consumed by UK branch of the company and a subsidiary company at USA, treating it as import of service, wrong availment of cenvat credit and usage of software services provided to subsidiary. The company had filed appeal before the Commissioner of Appeals and is confident of getting favorable outcome based on legal precedents which support its stand.	1,028	1,028
c)	**Other claims against the Company not acknowledged as debt**	2,864	1,002
d)	**Disputed demands of Income-tax**	54,752	47,231

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

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

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

The Income-tax department in its assessments has been denying or limiting the benefits of Section 10A of the Act to the multiple undertakings of the Company on the ground that they were in fact one single unit and thus the benefits claimed were in excess of permissible limits, and had raised a demand of ₹5,001, (As at March 31, 2018 - ₹5,001) for financial years 2007-08 to 2009-10. The company received favourable order from CIT(A) and the Department has preferred an appeal before Income-tax Appellate Tribunal (ITAT).

For the financial year 2005-06 and 2006-07 , ₹ 4,570 (As at March 31, 2018- ₹ 2,368), the Company has received favorable order from Income-tax Appellate Tribunal (ITAT) and the Department has preferred an appeal before the Honorable High Court of Mumbai.

For the financial year 2001-02, ITAT had given a favorable order on the ground of income accrued under Section 10A of the Act against which the department had filed an appeal before the Honorable High Court of Mumbai ₹ 149 (As at March 31, 2018 - ₹ 149).

For the financial year 2013-14, ₹ 43 (As at March 31, 2018 - ₹ 43), the Company has preferred an appeal before Commissioner of Income-tax (Appeals) on the ground of income accrued under Section 10A of the Act

For financial year 2010-11 ₹ 2,275 (As at March 31,2018 Nil), 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

a) The Company charges Sonata Information Technology Limited (SITL), its wholly owned subsidiary, for certain support services rendered. During assessments, the Income-tax department denied benefits under Section 10A of the Income Tax Act on such support services and assessed the same as normal business income and raised demand of ₹ 2,337 (As at March 31, 2018 - ₹ 2,337) for financial years 2001-02 to 2004-05. The Company had received favorable orders from ITAT. However, the department preferred an appeal on the said orders before the Honorable High Court of Mumbai.

   ₹ 116 (As at March 31, 2018- ₹ 116) for the financial year 2010-11. The Company had filed an appeal before the Commissioner of Income-tax (Appeals). The Company has received favorable orders and the Department had preferred an appeal before ITAT which was heard during the year and dismissed. Department has filed appeal before High Court. High Court has admitted the appeal pending hearing.

b) The Company charges SITL for certain support services rendered and for the cost of project personnel deputed. These support services and costs for deputation are being disallowed by the Income-tax department while computing taxable profits of SITL. SITL has challenged these disallowances and consequent demands at appellate levels and is confident of a favorable outcome.

   Details of Demands and Forums where they are pending are:

   i. ₹ 5,014 (As at March 31, 2018 - ₹ 5,014) for the financial years 2001-02, 2003-04 to 2009-10. The Company has received favorable orders from the Income-tax Appellate Tribunal (Income Tax Appellate Tribunal). The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.

ii. ₹ 447 (As at March 31, 2018- ₹ 447) for the financial year 2002-03. The Income-tax department's appeal to the Honorable High Court of Mumbai was time barred and hence dismissed. The Income-tax department had preferred a Special Leave Petition on the said dismissal to the Honorable Supreme Court of India which had referred the petition back to the Honorable High Court of Mumbai to reconsider its decision. The Honorable High Court of Mumbai admitted the appeal.

iv. ₹ 2,944 (As at March 31, 2018 - Nil) for the financial years 2012-13 and 2013-14. The Company has received favorable order from Commissioner of Income-tax (Appeals) (CIT(A)). Department has filed appeal before ITAT.

iv. ₹ 1,877 (As at March 31, 2018- Nil) for financial year 2014-15 and 2015-16. 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).

v. Nil (As at March 31, 2018 ₹ 1,919) for financial year 2011-12, the Company has received favorable order from ITAT

(iii) Withholding tax demand

The Income-tax department has been contending that amounts paid by the Company for buying the software products is in the nature of 'Royalty' and hence had to withhold Income-tax on the same as per the Income Tax Act and had raised demand of ₹ 2,842 (As at 31.03.2018- ₹ 2,842) for the financial years 1999-00, 2000-01 and 2001-02. The Company's contention has been that the payments were made for purchase of 'Goods' and hence was under no obligation to withhold Income-tax on the same. The Company had received favorable orders from the ITAT which were reversed by the Honorable High Court of Karnataka. The Company had preferred a Special Leave Petition Appeal on the said order to the Honorable Supreme Court of India, which had been admitted. However, for these years one of the principal suppliers of software to the Company had paid taxes of ₹ 879 out of the above demand. The amount included as disputed demand is excluding the amount paid by the supplier.

SITL is engaged in the business of buying and selling packaged software in India. The Income Tax department has been contending that amounts paid by the Company for buying the software products is in the nature of 'Royalty' and hence had to withhold Income-tax on the same as per the Income-tax Act, 1961, and had raised demands of ₹ 2,182 (As at March 31, 2018 - ₹ 2,182) for the financial years 2000-01 and 2001-02. SITL's contention has been that the payments were made for purchase of 'Goods' and hence was under no obligation to withhold Income-tax on the same. SITL had received favorable orders from the Income-tax Appellate Tribunal which were reversed by the Honorable High Court of Karnataka. SITL had preferred a Special Leave Petition on the said order to the Honorable Supreme Court of India, which had been admitted. However, for these years one of the principal suppliers of software to SITL had paid taxes of ₹ 1,286 out of the above demand. The amount included as disputed demand is excluding the amount paid by the supplier.

(iv) Deductions claimed under Section 80 O

Prior to the enactment of Section 10A of the Act, the Company claimed deduction for exports made, under Section 80 O of the Act. The department had re-opened the assessments and disallowed certain aspects of the claims made on the contention that cost allocation principles followed for the claim are erroneous and raised a demand of ₹ 83 (As at March 31, 2018 - ₹ 83) for the financial year 1994-95. The Company had received favorable orders from Income-tax Appellate Tribunal. The department had preferred an appeal on the said order before the Honorable High Court of Mumbai.

(v) 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. Consequent to issue described in (ii) above, the Income-tax department, holding payments for purchase of software as "Royalty" disallowed the same while computing taxable profits of the SITL.

The Honorable High Court of Karnataka had given an unfavorable decision on the issue covered in (ii) above. However, the said demands which are consequential and penal in nature do not arise automatically and there are multiple legal precedents in favor of SITL. Based on legal opinions and feedback from its legal counsels, the SITL 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, 2018 - ₹ 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. ₹ 14 (As at March 31, 2018 - ₹ 14) for the financial year 2014-15. The Department has filed an appeal before the ITAT.

iii. ₹ 127 (As at March 31, 2018 - Nil) for the financial years 2012-13 and 2013-14. SITL had received a favorable order from CIT(A). The Income-tax department had preferred an appeal before ITAT.

iv. ₹ 15 (As at March 31, 2018 - Nil) for the financial year 2015-16. The assessing officer has disallowed payments made for purchase of software on non-deduction of tax. SITL has preferred an appeal before CIT(A).

(vi) Transfer Pricing Adjustment

₹ 1,072 (As at March 31, 2018 – ₹ 1,072) for the financial year 2011-12 and financial year 2013-14. The Income-tax department has recommended the upward adjustment in the value of Investment in subsidiary and sale of services to associated enterprises as Transfer Pricing Adjustment in the International transactions in order to consider them to be at arm's length price. The Company had preferred an appeal before Commissioner of Income-tax (Appeals) heard and partly allowed. For the financial year 2011-12, the Company has preferred an appeal before Income-tax Appellate Tribunal (ITAT) and for the financial year 2013-14, the company has preferred an appeal before Commissioner of Income-tax (Appeals).

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)**

	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for	21	1

27. Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2019 and March 31, 2018 is as follows:

(₹ in Lakhs)

		Carrying Value		Fair Value	
	Note No.	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Financial assets					
Amortised Cost					
Trade receivable	8.2	81,111	39,644	81,111	39,644
Cash and cash equivalents	8.3	17,432	33,406	17,432	33,406
Bank balances other than Cash & cash equivalents	8.4	2,489	1,329	2,489	1,329
Other financial assets	8.5	4,836	4,964	4,836	4,964
FVTPL					
Investment in Mutual Fund		14,015	19,774	14,015	19,774
Investment in Equity instruments (Quoted)	8.1	5	6	5	6
Security Deposits		1,655	1,376	1,655	1,376
Forward Contracts	8.5	2,275	52	2,275	52
FVTOCI					
Investment in Equity instruments (Unquoted)	6.1	616	62	616	62
Total Assets		**124,434**	**100,613**	**124,434**	**100,613**
Financial liabilities					
Amortised Cost					
Borrowings		1,562	1,868	1,562	1,868
Trade payables		58,733	43,226	58,733	43,226
Other financial liabilities	14.2	388	1,847	388	1,847
FVTPL					
Payable for acquisition of subsidiary	12.2	3,145	243	3,145	243
Non-current other financial liabilities	12.2	139	-	139	-
Forward Contracts	14.2	-	73	-	73
Total Liabilities		**63,967**	**47,257**	**63,967**	**47,257**

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, 2019, 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, 2019 and March 31, 2018.

Quantitative disclosures of fair value measurement hierarchy for financial assets and financial liabilities are as under:

(₹ in Lakhs)

	Fair value		Fair value hierarchy	Valuation technique and Key inputs
	As at March 31, 2019	As at March 31, 2018		
Investment in Equity instruments - IZARA Aps (Unquoted)	63	62	Level 3	Investment in equity instrument is a financial asset.
Investment in Equity instruments - Principal Share Group (Quoted)	5	6	Level 1	Fair value is determined based on the share price quoted in exchange.
Investment in Simple agreement for future equity - Retain 10x Inc.	553	-	Level 3	Investment in simple agreement for future equity is a financial asset.
Investment in Mutual funds (Quoted)	14,015	19,774	Level 1	Fair value is determined based on the Net asset value published by respective funds.
Other financial liabilities	3,284	243	Level 3	Payable for acquisition of subsidiary is a financial liability.
Foreign currency forward contracts	2,275	(21)	Level 2	The fair value of forward foreign contracts are determined using forward exchange rates at the reporting date.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

i) Reconciliation of fair value measurement of investment in Unquoted equity instrument classified as FVTOCI (Level 3):

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Opening balance	62	-
Remeasurement recognised in OCI	1	-
Purchases	553	62
Sales	-	-
Closing balance	616	62

ii) Reconciliation of fair value measurement of payables for acquisition of subsidiary classified as FVTPL (Level 3):

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Opening balance	243	483
Additions during the year	3,212	-
Remeasurement recognised in Statement of Profit and Loss	(67)	18
Payout / reversals during the year	(243)	(258)
Closing balance	3,145	243

Derivative financial instruments

The Group is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and forecasted cash flows denominated in foreign currency. The Group follows established risk management policies, including the use of derivatives to hedge foreign currency assets/ liabilities and foreign currency forecasted cash flows. The counter party in these derivative instruments is a bank and the Group considers the risks of non-performance by the counterparty as non-material.

For movement in cash flow hedge reserve gain or loss - Refer note 11

The following table presents the aggregate contracted principal amounts of the Group's derivative contracts outstanding:

(₹ in Lakhs)

	As at March 31, 2019	**As at March 31, 2018**
Designated derivative instruments (Sell):		
In USD	884	503
in GBP	127	67
in EUR	33	28

The foreign exchange forward and option contracts mature anywhere between 0-1 year. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

(₹ in Lakhs)

	As at March 31, 2019	**As at March 31, 2018**
Designated derivative instruments (Sell):		
Less than 3 months		
In USD	408	222
in GBP	30	18
in EUR	8	8
More than 3 months		
In USD	476	281
in GBP	97	49
in EUR	25	20

Average rate of coverage	**As at March 31, 2019**		**As at March 31, 2018**	
	(₹ in Lakhs)	**Weighted Average Rate (₹)**	**(₹ in Lakhs)**	**Weighted Average Rate (₹)**
USD	884	72.22	503	66.84
GBP	127	98.03	67	90.88
EUR	33	86.42	28	81.26

28. 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	
	As at March 31, 2019	As at March 31, 2018
Revenue from top customer	46,716	45,125
Revenue from top 5 customers	113,103	98,661

One customer accounted for more than 10% of the revenue for the year ended March 31, 2019 and two customers accounted for more than 10% of the receivables for the year ended March 31, 2019. One customer accounted for more than 10% of the revenue for the year ended March 31, 2018, however none of the customers accounted for more than 10% of the receivables for the year ended March 31, 2018.

Investments

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors.

Liquidity risk

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

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

The working capital position of the Group is given below:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	17,432	33,406
Bank balances other than cash & cash equivalents	1,060	730
Investments in mutual funds (quoted)	10,976	19,774
Trade receivables	81,111	39,644
Other financial assets	6,854	4,275
Other current assets	2,775	3,602

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019 and March 31, 2018 :

(₹ in Lakhs)

	As at March 31, 2019		
	Less than 1 year	1-2 years	2 years & above
Borrowings	1,562	-	-
Trade payables	58,733	-	-
Other financial liabilities	388	-	3,284

(₹ in Lakhs)

	As at March 31, 2018		
	Less than 1 year	1-2 years	2 years & above
Borrowings	-	1,868	-
Trade payables	43,226	-	-
Other financial liabilities	1,920	243	-

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:

a) an approximately ₹ 378 Lakhs increase and decrease in the Group's net profit as at March 31, 2019;

b) an approximately ₹ 167 Lakhs increase and decrease in the Group's net profit as at March 31, 2018.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2019 and March 31, 2018.

(₹ in Lakhs)

Exposure currency	USD	GBP	EUR	Other Currencies*
As at March 31, 2019				
Assets				
Trade receivables	-	3,830	582	2,121
Cash and Cash equivalents	3,620	3,942	1,051	788
Other assets	2,805	792	455	626
Liabilities				
Trade Payable	(3,301)	(715)	-	(810)
Other non-current liabilities	(3,863)	-	-	(459)
Net assets/liabilities	**(739)**	**7,849**	**2,088**	**2,266**
As at March 31, 2018				
Assets				
Trade receivables	-	1,276	442	441
Cash and Cash equivalents	9,449	2,997	1,813	655
Other assets	102	37	1	293
Liabilities				
Trade Payable	(4,074)	(649)	(37)	(30)
Other liabilities	(3,522)	-	-	(19)
Net assets/liabilities	**1,955**	**3,661**	**2,219**	**1,340**

*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, 2019, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.04%/ (0.04)%. For the year ended March 31, 2018, the impact on operating margins would be 0.04%/ (0.04)%.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates and investments. The Group's borrowings and investments are primarily short-term, which do not expose it to significant interest rate risk.

29. 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, 2019	As at March 31, 2018
Total equity attributable to the equity share holders of the Group	76,826	65,327
As percentage of total capital	98%	97%
Current borrowings	1,562	-
Non-Current borrowings	-	1,868
Total Borrowings	1,562	1,868
As a percentage of total capital	2%	3%
Total capital (borrowings and equity)	78,388	67,195

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.

30. Employee benefit plans

i) Defined contribution plans

Provident fund

a) The Group makes contributions towards Provident Fund under a defined contribution plan for qualifying employees. The Provident Fund is administered by the Trustees of Sonata Software Limited Provident Fund and by the Regional Provident Fund Commissioner. Under this scheme, the Group is required to contribute a specified percentage of payroll cost to fund the benefits.

The Rules of the Company's Provident Fund administered by the Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company.

Provident fund contributions amounting to ₹ 1,364 Lakhs (for the year ended March 31, 2018 ₹ 1,196 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 Statement of Profit and Loss towards Employers contribution to:

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Employee's State Insurance (as part of Staff welfare expenses in Note 21 Employee benefits expense)	18	22
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense)	721	572
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense)	32	32
National Insurance Contribution (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense)	551	360

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, 2019	As at March 31, 2018
Discount rate(s)	7.94%	7.87%
Expected rate(s) of salary increase	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality 2006-08	" Indian Assured Lives Mortality 2006-08 "

Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Service Cost:		
Current Service Cost	405	368
Net Interest Expense	7	(15)
Components of defined benefit costs recognised in profit or loss	412	353
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(28)	17
Actuarial (gains) / losses arising from changes in financial assumptions	(26)	(96)
Actuarial (gains) / losses arising from experience adjustments	75	178
Components of defined benefit costs recognised in other comprehensive income	21	99

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

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Present value of funded defined benefit obligation	(3,446)	(2,941)
Fair value of plan assets	3,424	2,843
Net (liability) / Assets arising from defined benefit obligation	**(22)**	**(98)**
Movements in the present value of the defined benefit obligation are as follows.		
Opening defined benefit obligation	2,941	2,498
Current service cost	405	368
Interest cost	231	189
Remeasurement (gains)/losses:	-	-
Actuarial gains and losses arising from changes in financial assumptions	(26)	(96)
Actuarial gains and losses arising from experience adjustments	75	178
Benefits paid	(180)	(196)
Closing defined benefit obligation	**3,446**	**2,941**
Movements in the fair value of the plan assets are as follows.		
Opening fair value of plan assets	2,843	2,692
Interest income	224	205
Return on plan assets (excluding amounts included in net interest expense)	28	(17)
Contributions from the employer	509	159
Benefits paid	(180)	(196)
Closing fair value of plan assets	**3,424**	**2,843**

The major categories of plan assets as a percentage of total plan

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	10.46%	9.39%
Defensive Fund	43.09%	43.90%
Balanced Fund	46.33%	46.58%
Stable Fund	0.12%	0.13%

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

(₹ in Lakhs)

	As at March 31, 2019		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	393	331	344	289
Future salary growth (1% movement)	401	343	350	299

The Group expects to contribute ₹ 506 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, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Present value of defined benefit obligation	3,446	2,941	2,496	2,034	1,844
Fair value of plan assets	3,424	2,843	2,692	2,000	1,819
Surplus / (deficit)	(22)	(98)	196	(34)	(25)
Experience adjustments on plan liabilities - (gain)/losses	75	178	(84)	(5)	459
Experience adjustments on plan assets - (losses)/gain	28	(17)	104	(106)	173

Maturity profile of defined benefit obligation: (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Within 1 year	386	307
1-2 years	123	117
2-3 years	173	128
3-4 years	179	157
4-5 years	145	163
5 and Above	9,116	7,983

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 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 converts into one equity share of the Company upon exercise. The exercise price of the stock option shall be the closing market price of the share on National Stock Exchange of India Ltd on the trading day immediately preceding the date of the grant . The stock options carry neither rights to dividends nor voting rights unless the transfer of shares from the Sonata Software Ltd Employee Welfare Trust to the employee is duly registered by the company . Options may be exercised at any time from the date of vesting to the date of their expiry.

The following share-based payment arrangements were in existence during the current and prior years:

Number of Shares	Grant date	Expiry date	Exercise price (₹)	Fair Value at grant date
3,75,000	April 1, 2012	April 1, 2017	18.10	4.45 - 6.55
1,20,000	May 20, 2015	May 20, 2020	165.75	53.35 - 68.45
1,60,000	August 8, 2016	August 9, 2021	154.45	55.21 - 68.60
60,000	May 29, 2017	May 29, 2022	149.65	43.49 - 55.86
75,000	November 13, 2017	November 14, 2022	191.95	54.78 - 79.62

(ii) Fair value of share options outstanding at the year end

Options are priced using Black - Scholes pricing model.

Inputs into the model

Grant date	April 1, 2012	May 20, 2015	August 8, 2016	May 29, 2017	November 13, 2017
Grant date share price	13.74	148.98	150.09	142.17	188.51
Exercise price	18.10	165.75	154.45	149.65	191.95
Expected volatility	49.84 - 51.82	46.52 - 47.05	43.18 - 44.24	36.47 - 40.61	31.78 - 40.86
Option life	5.00	5.00	5.00	5.00	5.00
Dividend yield	-	-	-	-	-
Risk-free interest rate	8.18 - 8.60	7.79 - 7.86	6.91 - 7.08	6.66 - 6.79	6.52 - 6.81

(iii) Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

	2018-2019		2017-2018	
	Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance at beginning of year	385,000	163.65	355,000	129.46
Granted during the year	-	-	135,000	173.15
Forfeited during the year	-	-	-	-
Exercised during the year	80,000	161.73	105,000	60.29
Expired during the year	-	-	-	-
Balance at end of year	**305,000**	**164.15**	**385,000**	**163.65**

All outstanding options are exercisable at the end of the respective reporting period.

(iv) Stock options exercised during the year

The following share options were exercised during the year:

Granted on	Number Exercised	Exercised Date	Share price at exercise Date
May 20, 2015	30,000	June 6, 2018	309.10
May 20, 2015	30,000	September 20, 2018	413.40
October 25, 2018	20,000	October 25, 2018	269.65
Total	**80,000**		

The following share options were exercised during the financial year 2017-18:

Granted on	Number Exercised	Exercised Date	Share price at exercise Date
April 1, 2012	75,000	June 2, 2017	159.35
May 20, 2015	15,000	February 26,2018	316.75
May 20, 2015	15,000	March 07,2018	308.80
Total	**1,05,000**		

(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 ₹ 164.15 (as at March 31, 2018 ₹ 163.65)

(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 13th , 2018. Plan of 2019 has been approved by the Board vide Board meeting dated August 13th, 2018.

The Company has also granted stock appreciation rights plan to certain employees during the year which is subject to certain vesting conditions. Details of the grant/issue as at March 31, 2019 are given below:

	2018-2019				2017-2018	
	As per plan 1 (2018)		As per plan (2019)	As per plan 2 (2018)	As per plan 1 (2018)	
Outstanding units as at the beginning of the year	390,000	105,000	-	-	-	-
Number of units granted under letter of intent during the year	-	-	127,500	435,000	390,000	105,000
Vested units	40,000	-	-	-	-	-
Lapsed units	-	-	-	-	-	-
Forfeited units	-	-	-	-	-	-
Cancelled units	60,000	-	-	-	-	-
Outstanding units as at the end of the year	290,000	105,000	127,500	435,000	390,000	105,000
Contractual life	3yrs	3yrs	1yr	3yrs	3yrs	3yrs
Date of grant	May 29, 2017	November 13, 2017	September 30, 2018	December 18, 2018	May 29, 2017	November 13, 2017
Grant price per unit (₹)	149.65	191.95	200.00	315.30	149.65	191.95

The weighted average fair value of each unit under the above mentioned stock appreciation rights plan granted during the year ended March 31, 2019 under Plan (2019) is ₹ 149.42, Plan 2 (2018) is ₹ 90.51, Plan 1 (2018) dated May 29, 2017 is ₹ 169.61 and Plan 1 (2018) dated November 13, 2017 is ₹ 142.19 using the Black - Scholes pricing model with the following assumptions:

	As at March 31, 2019			
	As per plan (2019)	As per plan 2 (2018)	As per plan 1 (2018)	
Grant date	September 30, 2018	December 18, 2018	May 29, 2017	November 13, 2017
Exercise price	149.42	86.02-94.65	163.34-177.71	140.17-144.71
Dividend yield	2.50%	2.50%	2.50%	2.50%
Expected life	1	3	3	3
Risk free interest rate	7%	7%	7%	7%
Volatility	45%	45%	45%	45%

32. 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.

33. Related party disclosure

i) Details of related parties :

Description of relationship	**Names of related parties**
(a) Post-employment benefit plan (Refer Note 29)	Sonata Software Limited Gratuity Fund
	Sonata Software Officers' Superannuation Fund
	Sonata Software Provident Fund Trust
(b) Key Management Personnel (KMP)	Mr. P Srikar Reddy, Managing Director & Chief Executive Officer

ii) Transactions with related parties :

(₹ in Lakhs)

	KMP	
	As at March 31, 2019	**As at March 31, 2018**
Compensation of key management personnel of the Company		
Short-term employee benefits*	333	335
Share-based payment transactions	130	253
Others	124	94
Total compensation paid to key management personnel	**587**	**682**
Balances outstanding at the end of the year		
Payable to key management personnel of the Company		
Short-term employee benefits*	170	170
Share-based payment transactions	249	149
Others	124	94

* The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Transactions with key management personnel

(a) During the year ended March 31, 2019, Nil (year ended March 31, 2018 - 60,000 shares) were granted to the key management personnel under the Employees Stock options Plan;

(b) During the year ended March 31, 2019, Nil (year ended March 31, 2018 - 165,000 units) were granted to the key management personnel under the Stock Appreciation Rights Plan.

34. 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 (Rest of the world). Secondary segment comprises business segment viz., products & services.

In primary segment, revenue and all expenses, which relate to a particular geographical segment based on location of customer, are reported. Secondary segment is reported based on the Group's business viz., products and services. Revenue is identified based on the business operations.

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

Primary disclosure

Geographical Segment based on location of customers (₹ in Lakhs)

	India		Other than India		Unallocable		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Revenue								
Revenue from operations	177,070	146,786	119,020	98,608	-	-	296,090	245,394
Segment result								
Earnings before finance cost, other income and taxes	4,862	3,978	27,425	17,880	-	-	32,287	21,858
Other Income	-	-	135	2,939	2,590	1,606	2,725	4,545
Profit before exceptional item, finance cost and taxes	4,862	3,978	27,560	20,819	2,590	1,606	35,012	26,403
Finance costs							(339)	(481)
Profit before tax and exceptional item							34,673	25,922
Exceptional item - Interest income on Income Tax refund							276	115
Profit before tax							34,949	26,037
Tax expense							(10,061)	(6,824)
Profit after tax							24,888	19,213
Segment assets	50,377	46,939	82,795	61,215	19,636	15,087	152,808	123,241
Segment liabilities	52,854	38,674	17,302	11,865	5,826	7,375	75,982	57,914
Other Information								
Capital expenditure	40	66	936	709	-	-	976	775
Depreciation and amortisation	-	-	-	-	-	-	1,274	1,241
Other significant non-cash expenses	120	(7)	86	121	-	-	206	114

Secondary disclosure

Business Segment (₹ in Lakhs)

	Products		Services		Unallocable		Consolidated	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Revenue	188,529	156,637	107,561	88,757	-	-	296,090	245,394
Assets	50,377	46,939	82,795	61,215	19,636	15,087	152,808	123,241
Capital expenditure	40	66	936	709	-	-	976	775

35. 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, 2019

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share in profit or loss for the year ended March 31, 2019		Share in Other Comprehensive income for the year ended March 31, 2019		Share in Total Comprehensive income for the year ended March 31, 2019	
	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 :	35.54	27,306	(100.74)	(25,110)	92.60	1,139	(91.64)	(23,970)
Subsidiaries :								
Indian								
Sonata Information Technology Limited	27.15	20,859	22.57	5,627	(2.93)	(36)	21.38	5,591
Foreign								
Sonata Software North America Inc	4.96	3,808	136.35	33,986	(18.86)	(232)	129.05	33,754
Rezopia Inc	1.17	898	(1.31)	(326)	5.04	62	(1.01)	(264)
Halosys Technologies Inc.	2.39	1,837	(2.05)	(511)	6.42	79	(1.65)	(432)
Interactive Business Information Systems Inc.	8.89	6,827	6.86	1,710	26.02	320	7.76	2,030
Sonata Software FZ LLC (Dubai)	0.75	580	(0.06)	(15)	(1.30)	(16)	(0.12)	(32)
Sonata Software Qatar	0.11	82	(0.32)	(80)	(1.06)	(13)	(0.36)	(93)
Sonata Europe Limited	8.60	6,610	39.44	9,831	2.28	28	37.69	9,859
Sonata Software GmbH	0.39	301	(1.12)	(278)	(0.73)	(9)	(1.10)	(287)
Scalable Data Systems	3.37	2,586	0.66	164	(1.46)	(18)	0.55	145
Sopris Systems LLC	6.68	5,132	(0.29)	(72)	(6.02)	(74)	(0.55)	(145)
Total	**100**	**76,826**	**100**	**24,926**	**100**	**1,230**	**100**	**26,156**

(b) As at and for the year ended March 31, 2018

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share in profit or loss for the year ended March 31, 2018		Share in Other Comprehensive income for the year ended March 31, 2018		Share in Total Comprehensive income for the year ended March 31, 2018	
	As % of consolidated net assets	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)	As % of consolidated other comprehensive income	Amount (₹ in Lakhs)	As % of consolidated profit or loss	Amount (₹ in Lakhs)
Parent :								
Sonata Software Limited*	53.80	35,144	74.49	14,341	121.81	(363)	73.74	13,978
Subsidiaries :								
Indian								
Sonata Information Technology Limited	23.18	15,140	19.28	3,712	(5.70)	17	19.67	3,729
Foreign								
Sonata Software North America Inc.	3.90	2,547	2.30	443	14.43	(43)	2.11	400
Sonata Europe Limited	3.93	2,565	1.79	345	(3.69)	11	1.88	356
Rezopia Inc.	1.54	1,010	(0.53)	(103)	(0.67)	2	(0.53)	(101)
Sonata Software FZ LLC (Dubai)	1.47	959	0.54	104	(2.01)	6	0.58	110
Sonata Software (Qatar) LLC, Qatar	(0.39)	(253)	(0.38)	(74)	0.67	(2)	(0.40)	(76)
Sonata Software GmbH	0.43	278	0.32	63	(12.42)	37	0.53	100
Halosys Technologies Inc.	2.84	1,862	(0.93)	(180)	(1.01)	3	(0.93)	(177)
Interactive Business Information Systems Inc.	9.30	6,074	3.12	602	(11.41)	34	3.35	636
Total	**100.00**	**65,326**	**100.00**	**19,253**	**100.00**	**(298)**	**100.00**	**18,955**

* After adjusting inter company transactions and balances and includes goodwill and other intangible assets arising on account of acquisition.

36. Acquisition of Scalable Data Systems Pty Ltd ('Scalable')

On December 21, 2018, Sonata Software Limited acquired 100% of voting interests in Scalable Data Systems Pty Ltd, a Australian -based Microsoft Dynamics 365 Value Added Reseller (VAR) and Independent Software Vendor (ISV) focused on Microsoft Dynamics AX (EPR) for a total consideration of upto AUD 4.63 million (approximately ₹ 2,293 Lakhs), comprising of cash consideration of AUD 2.63 million (approximately ₹ 1,309 Lakhs), contingent consideration of upto AUD 2 million (approximately ₹ 984 Lakhs). The payment of contingent consideration is dependent upon the achievement of certain financial targets by Scalable Data Systems Pty Ltd.

The acquisition will increase Sonata's footprint as a Microsoft Dynamics 365 leader, making the combined entity a Digital Transformation partner of choice for customers in Retail, Distribution, Manufacturing, Commodities, and Travel.

The purchase price has been allocated based on management's estimates and independent appraisal of fair value as follows:-

Component	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets*	(427)	-	(427)
Intangible assets			
- Customer relationship	-	424	424
- Contract in progress	-	320	320
- Intellectual property	-	403	403
Deferred tax liabilities on intangible assets	-	(327)	(327)
Total	**(427)**	**820**	**393**
Goodwill	-	-	1,844
Total purchase price	**(427)**	**820**	**2,237**

*Include cash and cash equivalents of ₹ 71 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
Cash paid	1,309
Fair value of contingent consideration	928
Total purchase price	**2,237**

At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 3.5%. The undiscounted value of contingent consideration as at March 31, 2019 was AUD 2 million(₹ 980 Lakhs).

The transaction costs of ₹ 237 Lakhs related to the acquisition have been included in the consolidated statement of profit and loss for the year ended March 31, 2019.

37. Acquisition of Sopris Systems, LLC. ('Sopris')

On February 15, 2019 Sonata Software North America Inc.(a wholly owned subsidiary of Sonata Software Limited) acquired 100% of voting rights in Sopris Systems LLC, a Delaware-based limited liability Company specialised in Microsoft Dynamics for field services and project- centric companies for a total consideration of upto USD 7.02 million (approximately ₹ 4,974 Lakhs), comprising of cash consideration of USD 4.03 million (approximately ₹ 2,850 Lakhs), contingent consideration of upto USD 2.99 million (approximately ₹ 2,124 Lakhs).The payment of contingent consideration is dependent upon the achievement of certain financial targets by Sopris Systems LLC.

The acquisition will help Sonata group grow their presence in the United States. It will enhance Sonata's capabilities in Microsoft 365 Stack. The excess of the purchase consideration paid over the fair value of asets 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)

	Acquiree's carrying amount	Fair value adjustments	Purchase price allocated
Net assets	(620)	-	(620)
Intangible assets			
Customer relationship	-	1,079	1,079
Contract in progress	-	385	385
Intellectual property	-	86	86
Deferred tax liabilities on intangible assets		(403)	(403)
Total	**(620)**	**1,147**	**527**
Goodwill	-	-	4,247
Total purchase price	**(620)**	**1,147**	**4,774**

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
Cash paid	2,850
Fair value of contingent consideration	1,924
Total purchase price	**4,774**

At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the discount rate of 3.55%. The undiscounted value of contingent consideration as ar March 31, 2019 was USD 2.99 million(₹ 2,074 Lakhs).

The transaction costs of ₹ 201 Lakhs related to the acquisition have been included in the consolidated statement of profit and loss for the year ended March 31, 2019.

38. Details of leasing arrangements

i. The Group has entered into various operating lease agreements for office premises, residential premises, guest houses and certain assets. These leases are cancellable as well as non-cancellable and are for a period of 3 to 99 months and may be renewed based on mutual agreement of the parties.

(₹ in Lakhs)

		As at March 31, 2019	As at March 31, 2018
ii.	The total of future minimum lease payments are non-cancellable operating leases are as below :		
	Not later than one year	1,060	909
	Later than one year and not later than 5 years	1,507	806
	Later than 5 years	-	-
iii.	The lease payments recognised in the Statement of Profit and Loss are as under :		
	Included in rent (Refer Note 23)	3,342	3,136
iv.	There are no rents which are contingent in nature.		

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

(i) Gross amount required to be spent by the Group during the year is ₹ 382 Lakhs (Previous year is ₹ 351 Lakhs)

(ii) Amount spent during the year is ₹ 388 Lakhs (Previous year is ₹ 305 Lakhs)

(iii) Amount unspent is ₹ 4 Lakhs (Previous year is ₹ 48 Lakhs)

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:

Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Total number of equity shares outstanding	105,159,306	105,159,306	105,159,306	105,159,306
Weighted average number of Potential equity shares exercised by Sonata Employee Welfare Trust	(1,299,875)	(1,299,875)	(1,379,875)	(1,379,875)
Weighted average number of equity shares resulting from assumed exercise of employee stock options	49,096	1,41,979	64,685	107,925
Weighted average number of equity shares for calculation of earning per share	103,908,527	104,001,410	103,844,116	103,887,356

41. Distributions made and proposed :

The Board of Directors at their meeting held on November 02, 2018 had declared an interim dividend of 475% (₹ 4.75 per equity share of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on May 30, 2019 have recommended a final dividend of 800% (₹ 8 per equity share of par value ₹ 1 each) which is subject to approval of shareholders. If approved, this would result in a cash outflow of approximately ₹ 10,142 Lakhs inclusive of dividend distribution tax.

The Board of Directors at their meeting held on November 13, 2017 had declared an interim dividend of 375% (₹ 3.75 per equity share of par value of ₹ 1 each). The Board of Directors at its meeting held on May 22, 2018 had recommended a final dividend of 675% (₹ 6.75 per equity share of par value ₹ 1 each). The proposal was approved by shareholders at the Annual General Meeting held on August 13, 2018, this has resulted in a cash outflow of ₹ 8,557 Lakhs, inclusive of dividend distribution tax .

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

For and on behalf of the Board of Directors

Pradip P Shah
Chairman

P Srikar Reddy
Managing Director & Chief Executive Officer

Place : Mumbai
Date : May 30, 2019

Prasanna Oke
Chief Financial Officer

R Sathyanarayana
VP - Finance & Accounts

SONATA INFORMATION TECHNOLOGY LIMITED FINANCIAL STATEMENTS

BOARD'S REPORT

To the Members,

The Directors have pleasure in presenting before you the Nineteenth Annual Report of your Company together with the Audited Financial Statements for the Financial Year ended 31st March, 2019.

FINANCIAL RESULTS

(₹ in Lakhs)

Description	Financial Year ended 31.03.2019	Financial Year ended 31.03.2018
1. Total Income	**187,124**	155,677
2. Total Expenditure	**179,843**	149,705
3. EBITDA	**7,281**	5,972
5. Depreciation & Amortization Expense	**70**	97
4. Finance Cost	**333**	500
5. Profit before Tax and Exceptional Items	**6,878**	5,375
6. Exceptional item [Interest income on Income Tax refund]	**228**	66
7. Provision for Tax (Net)	**2,482**	1,862
8. Profit after Tax	**4,624**	3,579
9. Earnings in ₹ per share	**137.02**	106.03

BUSINESS PERFORMANCE

Your Company has posted encouraging results for the Financial Year that ended on 31st March, 2019.

Your Company has reported a revenue of ₹187,124 Lakhs in the Financial Year under review with a growth of 22% in EBIDTA before Exceptional Items and 29% in PAT due to higher margins and reduction in finance costs. Turnover has gone up by 20%, efficiency in working capital management helped us in achieving this growth. However, the focus in this business has always been to manage Return on Capital Employed, which was 27% for the Financial Year as compared to 23% for the previous financial year.

Your Company's business has two broad lines:

A. PRODUCTS

Your Company is focused on Digital Transformation of client's business through our unique method of Platformation. We also continue to focus on providing multi-Cloud Services like Azure, AWS, Google Cloud. Focus on Microsoft Cloud has given your company good profitability as a Cloud Service Provider (CSP) and also earned the credential as the "Best Partner" for Microsoft Cloud. During the Year, your Company earned credentials as the "Best Partner" from various principal's like SAP, Siemens, Microsoft & Oracle. Your Company's focus on Security SI business has yielded good results during the current year.

B. SERVICES

During the year under review, your Company has made progress with its Services business and deepened its engagement with its clients, in the focused verticals. ADM, Dynamics and Data Migration, are some of the services that have begun yielding revenues. There has been a healthy growth in the number of leads / opportunities being pursued for services (Platformation, Data, Cloud & Dynamics). Focused efforts through MS Alliance has seen your Company become a part of the Microsoft Dynamics Inner Circle (2018-19) and earn the "Co-sell Ready" status for Platformation and Data service offering.

OUTLOOK IN BUSINESS

Your Company continued its focus in high value products and did enter into tie ups with leading OEMs like Amazon during the year to help its digital transformation focus in the market place.

DIVIDEND / TRANSFER TO RESERVES

Considering the better liquidity position of the Company, your Directors are pleased to recommend payment of a final dividend of ₹ 5/- per equity share @ 50 % on par value of Re.10/- each, subject to the approval of the shareholders at the forthcoming Annual General Meeting, which along with the First Interim Dividend of ₹ 5/- per equity share and 2nd Interim Dividend of ₹ 5/- per equity share. The total dividend (interim & final) sums upto ₹ 15/- per equity share for the financial year 2018-19.

Your Company has not transferred any amounts to reserve for the Financial Year ended 31st March, 2019.

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 22nd May, 2018, 13th August, 2018, 2nd November, 2018 and 8th February, 2019.

BOARD OF DIRECTORS AND OTHER MANAGERIAL PERSONNEL

Mr. Sujit Mohanty (DIN: 00001404) Director, 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.

During the year under review Mr. Kundan K Lal, Company Secretary of the Company has resigned from the Company with effect from 14th March, 2019.

Mr. B.K. Syngal who has attained the age of 75 years continue to be Independent Director of the Company till completion of his present term however Mr. B. K. Syngal has expressed his intention of not seeking re-appointment. The Board places on record appreciation for his valuable guidance during his tenure as Director.

During the year under review, Company has not appointed any Director.

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

Your Company has received necessary declaration from each Independent Director of your Company under Section 149(7) of the Companies Act, 2013, that the Independent Directors of your Company meet the criteria of their Independence laid down in Section 149(6) of the Companies Act, 2013.

DIRECTOR'S RESPONSIBILITY STATEMENT

In pursuance of Section 134 (3) (c) read with Section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed there are no material departures in the adaption of the applicable accounting standards;
- 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 between the end of the Financial Year and date of this Report.

AUDIT COMMITTEE

The Audit Committee currently comprises of Mr. B K Syngal (Chairman), Mr. P Srikar Reddy and Ms. Radhika Rajan as its members. The Committee met 4 (Four) times during the year under review and all its recommendations were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises of Mr. B K. Syngal (Chairman), Mr. P Srikar Reddy and Ms. Radhika Rajan as its members. Sonata Software Limited (Holding Company) has formulated and adopted a group policy for remuneration of Directors, KMP and other Employees which extends to your Company. This policy is available on the website of Holding Company i.e., www.sonata-software.com.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee comprises of Mr. B K. Syngal (Chairman), Mr. P Srikar Reddy and Ms. Radhika Rajan as its members. The Committee met 2 (Two) times during the year under review.

QUALIFICATIONS IN AUDIT REPORTS

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

STATUTORY AUDITORS

M/s Deloitte Haskins & Sells, LLP, Chartered Accountants, Bengaluru, (Firm Registration No. 117366W) were appointed as Statutory Auditors of the Company from the conclusion of Seventeenth (17^{th}) Annual General Meeting (AGM) till conclusion of Twenty Second (22^{nd}) AGM, subject to ratification of appointment by the shareholders at every AGM. Pursuant to The Companies (Amendment) Act, 2017 the requirement to ratify the appointment of the Statutory Auditors by the shareholders at every AGM has been omitted, and therefore the Company is not seeking ratification.

SECRETARIAL AUDIT

The Board had appointed Mr. Vijaykrishna K T, Practising Company Secretary as the Secretarial Auditor for the Financial Year 2018-19. The Secretarial Audit Report for the financial year ended 31^{st} March, 2019 is annexed to this Report as **Annexure I.** The report does not contain any qualification, reservation or adverse remark.

COST AUDIT

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

SECRETARIAL STANDARDS

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

EXTRACT OF ANNUAL RETURN

As required pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT 9 is annexed as a part of this Annual Report as **Annexure II.**

RECOGNITION

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

- IBM -'Best Software Partner Of The Year – Commercial Segment'
- Siemens - 'Most Value Added Partner Of The Year 2018'
- SAP – 'Best Marketer of the year 2018'

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

(A) CONSERVATION OF ENERGY

Though your Company does not have energy intensive operations, every endeavour has been made to ensure the optimal usage of energy, avoid wastage and conserve energy. As an ongoing process, your Company continued to undertake the following measures to conserve energy:

- Using energy-efficient computers and equipment with the latest technologies, which would help in conservation of energy.
- Installation of sensors at work space area resulting in lights automatically getting switched off in areas not in use.

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

(B) TECHNOLOGY ABSORPTION

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

During the Financial Year under review, Foreign Exchange outgo on account of Travelling, Royalty, Import of traded products, etc. was ₹ 66 Lakhs and Foreign Exchange inflow on account of software services rendered and sales of traded products exports was ₹ 13,419 Lakhs.

PARTICULARS OF EMPLOYEES

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

PUBLIC DEPOSITS

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

QUALITY MANAGEMENT

Your Company has been focusing on enhancing customer satisfaction and operational effectiveness by adopting industry best practices and standards.

During the year under review, your Company successfully completed the annual surveillance audit of its Quality Management System demonstrating continued alignment with the standard ISO 9001:2015.

Your company continues its efforts to sustain and enhance customer satisfaction. The Company is improving service delivery processes and capabilities while continuing to focus on all customer-facing processes. In terms of customer satisfaction, your Company has been able to achieve an overall aggregated score of 4.4 out of a possible top score of 5 this year, from key customers. The aim is to sustain this and extend to service delivery as well, by driving continuous improvements.

HUMAN RESOURCES MANAGEMENT

During the financial year under review, your Company and its employees were part of the following activities:

- Senior Leadership Development through customised programs on Business Leadership, Design Thinking & sponsoring leaders to Strategic Leadership Programs with B-schools.
- Continued focus on culture change by imbibing Design Thinking principles and mindset in all customer facing and managerial roles. Trained over 500 Sonatians on Design Thinking. We have been able to do workshops with customers and reap huge benefits from this exercise. Clients came forward with their testimonials of the benefits of Design Thinking approach we used.
- Sonata provided grant to IIITB to support scientific research to accelerate digital and platform based business transformation. The three-year project, funded to the tune of ₹ 105 Lakhs, will focus on research fellowship and evangelization of technology for platform based digital business transformation. Sonata has been at the forefront of enabling digital transformation through platform based technology and business models through its proprietary Platformation™ methodology.
- Sonata partnered with IvyCamp to launch an Open Innovation Program. Sonata Program is specially designed by IvyCamp for Sonata Software, and seeks to invite startups working on new-age technology solutions in IOT, AI, Machine Learning, Real-time analytics, Mobility and others. Sonata's strategic partnership with IvyCamp is in line with its overall direction and focus of integrating innovation into its offerings. IvyCamp has designed and led several such corporate start up engagement programs.
- To help rebuild lives of those affected by the floods in Kerala and Karnataka, Sonata conducted a 'Help Rebuild Kerala & Kodagu' campaign and ₹ 13.65 Lakhs was mobilized through employee contributions. The funds collected was handed directly to the Chief Minister's Relief Fund / authorized Relief organizations for both the states of Kerala and Karnataka.
- To enable a high-trust, high-performance culture, aligned to our future vision and transformation journey we participated in the Great Place to Work® Employee Engagement Survey. 82% of the employees voiced opinion through the survey. Work is in progress to leverage our strengths and action development areas that need attention as observed as survey findings.

  Further, every year your Company organizes an Annual Communications Meet "ACM" where

  - Your Managing Director along with his Leadership team shared the Company strategy, plans & key focus areas. Like all years the telecast this year too was widely viewed across the locations.
  - The ACM enabled employees to develop a sense of purpose, vision and helped them align and give a deep sense of belonging to the organization's strategy, plans & objectives.
  - In addition, we held an ACM in London on 2nd May for employees in the UK. The leadership team spoke about our journey during the year and the road ahead. 150 Sonatians attended the event.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has in place well defined and adequate internal controls commensurate with the size of the Company and the same were operating effectively throughout the year. The internal control systems operate through well documented Standard Operating Procedures, policies and process guidelines. These Procedures, policies, processes and the systems are periodically reviewed and improved upon to meet the changing business environment.

The Internal Financial Controls helps in ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the Accounting records and timely preparation of reliable financial information.

During the year under review, both the internal and statutory auditors reviewed the internal financial controls. Based on their assessment no material weaknesses were found in the design and operation of the internal financial controls in the Company.

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

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the Financial Year under review, your Company has taken

Inter Corporate Deposits at prevailing bank lending rate from its Holding Company, Sonata Software Ltd. for meeting its working capital requirements. There is no outstanding balance as on 31st March, 2019. The maximum amount outstanding at any point of time during the Financial Year has been ₹ 8,164 Lakhs.

Also, your Company has taken Corporate Guarantees from its Holding Company, Sonata Software Ltd. for facilitating its business needs. The outstanding amount as on 31st March, 2019 is as below:

Name of the Party	Amount in ₹ Lakhs
IBM India Ltd.	500
Microsoft Corporation (India) Pvt. Ltd.	10,373

RISK MANAGEMENT

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

CORPORATE SOCIAL RESPONSIBILTY "CSR"

During the Financial Year, your Company has spent ₹101 Lakhs towards CSR activities.

Your Company has a Policy on CSR and as part of its implementation program, identified and participated in the following initiatives:

- Promote education to the impaired – Contributed to Sense International India, a Centre for Deaf and Blind in Bengaluru.
- Sonata Partnered with Agastya foundation in helping them to set up Two Mobile science labs and to provide technology assistance for improving the knowledge repository of an existing android app-based learning program - Lab on Tab
- Sonata is working with Kriti foundation to support them to empower women through skills training and capacity building, promote livelihoods for women and ensure education of children in slums of Hyderabad.
- Sonata, as part of its CSR engagement is supporting Telangana Yuvathi Mandali to offer quality education to the girl child in Hyderabad.
- Sonata partnered with the Art & Photography Foundation Support MAP's Mission to exhibit, interpret and preserve a growing collection of art and cultural artefacts and to provide Technology Support for building Technology solutions for the Museum in Bengaluru.
- Sonata supported Andhra Mahila Sabha for improving the infrastructure of the Hospital and the Nursing School for providing better child mortality for the economically challenged mothers in Chennai.
- Sonata partnered with Kriti Social Initiatives to empower women through skills training and capacity building, promote livelihoods for women, ensure education of children in slums and technology assistance for various woman empowerment programs in Hyderabad.
- The Annual Report on CSR in the prescribed format is enclosed to this report as **Annexure III.**

VIGIL MECHANISM & SEXUAL HARRASMENT

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

Sonata Software Limited (Holding company) has formulated and adopted a policy on 'Prevention of Sexual Harassment' which is in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. This policy extends to your Company and through this policy, complaints are monitored by a committee duly constituted for protection against victimisation. No complaints were received under this policy during the Financial Year 2018-19.

The Company affirms that no employee has been denied access to the Audit Committee during the Financial Year 2018-19.

RELATED PARTY TRANSACTIONS

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

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 Parent Company, Sonata Software Ltd. for meeting its working capital requirements.

Also, your Company has obtained Corporate Guarantees on its behalf from its Parent Company, Sonata Software Ltd, for facilitating its business needs.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board
SONATA INFORMATION TECHNOLOGY LIMITED

Place: Mumbai — **P SRIKAR REDDY**
Date: May 30, 2019 — **CHAIRMAN**

Annexure - I

Form No. MR-3

SECRETARIAL AUDIT REPORT

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

To
The Members,
Sonata Information Technology Limited
Mumbai

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 (CIN: U72300MH2000PLC127476) (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 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, 2019 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 Sonata Information Technology Limited for the financial year ended on 31st March, 2019 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder

ii. The other general laws as may be applicable to the Company like Payment of Gratuity Act etc

iii. The Industry specific laws applicable to the Company are as follows:

- The Information Technology Act, 2000
- The Special Economic Zone Act, 2005
- Policy relating to Software Technology Parks of India and its regulations
- The Indian Copyright Act, 1957
- The Patents Act, 1970
- The Trade Marks Act, 1999

(vii) The other general laws as may be applicable to the Company including the following:

- Karnataka Shops & Commercial Establishment Act & Rules
- The ESI Act & General Regulations
- The Employees Provident Funds & Miscellaneous Provisions Act
- The Minimum Wages Act & Rules
- The Payment of Wages Act & Rules
- The Payment of Gratuity Act & Rules
- The Payment of Bonus Act & Rules
- The Maternity Benefit Act.
- The Equal Remuneration Act
- The Employment Exchanges (CNV) Act & Rules
- The Karnataka Labour Welfare Fund Act & Rules
- Industrial Employment Standing Orders Act.
- The Karnataka (National & Festival) Holidays Act & Rules
- The sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act.
- For majority of Central Labour Laws the States have introduced Rules [names of each of the Rules is not included here]
- The Competition Act, 2002
- The Indian Contract Act, 1872
- The Sales of Goods Act, 1930
- The Indian Stamp Act, 1899
- The Transfer of Property Act, 1882

I have also examined compliances with the applicable clauses of Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General meeting i.e. SS-1 and SS-2.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Certain non material findings made during the course of the audit relating to Companies Act and Labour Laws were addressed suitably by the Management.

Further, I report that with regard to financial and taxation matters, I have relied on the draft Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.

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 (in certain instances, detailed notes on agenda were sent within seven days, with the consent of Directors), 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.

Majority decision is carried through while the dissenting members views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

I further report that 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.

Place: Bengaluru
Date: May 30, 2019

Vijayakrishna K T
FCS No.: 1788
C P No.: 980

Note: This report is to be read with our letter of even date which is annexed as **Annexure** and forms an integral part of this report.

'Annexure'

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

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Customs Act, Goods and Service Tax.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
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 procedures 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: May 30, 2019

Vijayakrishna K T
FCS No.: 1788
C P No.: 980

ANNEXURE II

EXTRACT OF ANNUAL RETURN
FORM MGT-9
FOR THE FINANCIAL YEAR ENDED 31.03.2019

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I REGISTRATION & OTHER DETAILS:

i	CIN	U72300MH2000PLC127476
ii	Registration Date	29/06/2000
iii	Name of the Company	Sonata Information Technology Limited
iv	Category/Sub-category of the Company	Public Company Limited by Shares
v	Address of the Registered office & contact details	No.208 T V Industrial "Estate" "K. Ahire" Marg, Worli, Mumbai-400030 Tel : 91-22-24943055
vi	Whether listed company	Unlisted
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any	NA

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company is as below - Software Development and Consulting Services and also reselling of product licenses.

Sl No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the Company
1	Other Information Technology and Computer Services activities	62099	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Sonata Software Limited	L72200MH1994PLC082110	Holding Company	100%	2(46)

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAK UP AS % TO TOTAL EQUITY)

(I) CATEGORY-WISE SHAREHOLDING

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual*/HUF	0	700	0	0.02	0	700	0	0.02	0	0
b) Central Govt. or State Govt.	0	0	0		0		0		0	0
c) Bodies Corporates	0	3374694	0	99.98	0	3374694	0	99.98	0	0
d) Bank/FI	0	0	0	0	0		0		0	0
e) Any other	0	0	0	0	0		0		0	0
SUB TOTAL:(A) (1)	**0**	**3375394**	**0**	**100**	**0**	**3375394**	**0**	**100**	**0**	**0**
(2) Foreign	0	0	0	0	0	0	0	0	0	0
a) NRI- Individuals	0	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
SUB TOTAL (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
B. PUBLIC SHAREHOLDING	0	0	0	0	0	0	0	0	0	0
(1) Institutions	0	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0	0
c) Central govt	0	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0	0
Beneficial holdings under MGT- 4	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non Institutions	0	0	0	0	0	0	0	0	0	0
a) Bodies corporates	0	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto ₹ 1 Lakhs	0	0	0	0	0	0	0	0	0	0
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 Lakhs	0	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(2):	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Shares held by Custodian for GD₹ & AD₹	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**0**	**3375394**	**0**	**100**	**0**	**3375394**	**0**	**100**	**0**	**0**

***Note:** The beneficial ownership in the shares held by individual shareholders is held by Sonata Software Limited (Holding Company).

(ii) SHAREHOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year (1st April, 2018)			Shareholding at the end of the year (31st March, 2019)			% change in shareholding during the year
		No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	Sonata Software Limited	33,74,694	99.98	NIL	33,74,694	99.98	NIL	NIL
	Total	**33,74,694**	**99.98**	**NIL**	**33,74,694**	**99.98**	**NIL**	**NIL**

(iii) CHANGE IN PROMOTERS SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl No.		Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc)	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc)	NIL	NIL	NIL	NIL
3	At the end of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	For Each of the Directors & KMP*	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc)	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

***Note:** Directors are not holding any shares since the beneficial interest is held by Sonata Software Limited (Holding Company).

(vi) INDEBTEDNESS

(₹ in Lakhs)

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year 01.04.2018				
i) Principal Amount	-	104	-	104
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**104**	**-**	**104**
Change in Indebtedness during the financial year				
Additions	10,618	16,885	Nil	27,503
Reduction	10,618	16,914	Nil	27,532
Net Change	-	(29)	Nil	(29)
Indebtedness at the end of the financial year 31.03.2019				
i) Principal Amount	-	75	Nil	75
ii) Interest due but not paid	Nil	Nil	Nil	-
iii) Interest accrued but not due	Nil	Nil	Nil	-
Total (i+ii+iii)	**-**	**75**	**-**	**75**

VI REMUNERATION OF DIRECTORS

A. Remuneration to Managing Director, Whole time director and/or Manager

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Sujit Mohanty (Whole-Time Director)	Total Amount in ₹
	Gross salary		
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	89	89
2	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0	0
3	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0
4	Stock option	0	0
5	Sweat Equity	0	0
6	Commission as % of profit	0	0
7	Others, please specify (SARs)	7	7
8	**Total (A)**	**96**	**96**
9	**Ceiling as per the Act**		**355**

Note:

1) Mr. P Srikar Reddy, Director of the Company was not paid any remuneration as he holds executive position in Sonata Software Limited (Holding Company).

B. Remuneration to other Directors

(₹ in Lakhs)

Sl. No	Particulars of Remuneration	Name of the Independent Directors		Total Amount ₹
1	**Independent Directors**	**Mr. B K Syngal**	**Ms. Radhika Rajan**	
2	(a) Fee for attending board/ committee meetings	2	2	4
3	(b) Commission	0	0	0
4	(c) Others, please specify	0	0	0
5	**Total (1)**	**2**	**2**	**4**
	Other Non Executive Directors			
6	(a) Fee for attending board /committee meetings	0	0	0
7	(b) Commission	0	0	0
8	(c) Others, please specify	0	0	0
9	**Total (2)**	-	-	-
10	**Total (B)=(1+2)**	**2**	**2**	**4**
11	**Total Managerial Remuneration**			**100**
12	**Overall Ceiling as per the Act**			**782**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ in Lakhs)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	Total Amount
	Gross salary	--	--
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	--	--
2	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	--	--
3	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	--	--
4	Stock option	--	--
5	Sweat Equity	--	--
6	Commission as % of profit	--	--
7	Others, please specify	--	--

(VII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties or punishments levied on the Company during the year. Also, there was no necessity for the Company to compound any offence.

For and on behalf of the Board
SONATA INFORMATION TECHNOLOGY LIMITED

Place: Mumbai
Date: May 30, 2019

P SRIKAR REDDY
CHAIRMAN

ANNEXURE III

ANNUAL REPORT ON CSR ACTIVITIES

1. The CSR policy lays down the vision statement for the Company which 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 the Company's CSR 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, initiatives are focused towards those programmes which directly or indirectly benefit the communities and society at large by enhancing the quality of life & economic well-being of the local populace through continuous efforts.

2. The CSR Committee comprises of the following Members-
   i. Mr. B K Syngal (Chairman)
   ii. Mr. P Srikar Reddy
   iii. Mr. Radhika Rajan
3. Average net profits of the Company for the last three financial years is ₹ 5,237 Lakhs.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) is ₹ 105 Lakhs.
5. Details of CSR spent during the Financial Year 2018-19.
   a) Total amount spent for the Financial Year 2018-19 was ₹ 101 Lakhs.
   b) Amount unspent – ₹ 4 Lakhs.
   c) Manner in which the amount spent during the Financial Year 2018-19 is detailed below-

(₹ in Lakhs)

Sl. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub Heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Provide Support for creating a private museum to exhibit, interpret and preserve a growing collection of art and cultural artefacts and Technology solutions.	Traditional Arts, Textiles and Handicrafts	Bangalore, Karnataka	35	(1) 30 (2) 2	32	Art and Photography foundation
2	Provide support to set up Two Mobile science labs and to provide technology assistance for improving the application-based learning program.	Education and the Environment	Bangalore, Karnataka	16	(1) 15 (2) 1	16	Agastya International foundation
3	Empower women through skills training and capacity building, promote livelihoods for women, ensure education of children in slums and technology assistance for various woman empowerment programs	Education and the Environment	Hyderabad, Telangana	15	(1) 15 (2) 1	16	Kriti Social Initiatives

(₹ in Lakhs)

Sl. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub Heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
4	Enabling advanced learning system for specially challenged students	Education and the Environment	Yelahanka, Karnataka	6	(1) 6	6	Sense International
5	Technology enabled platform for primary schools around Buffer zones	Education and the Environment	Bandipur, Tamil Nadu	11	(1) 11 (2) 1	12	Direct
6	Provide help in improving the infrastructure of the Hospital and the Nursing School for providing better child mortality for the economically challenged mothers	Education and the Environment	Chennai, Tamil Nadu	5	(1) 5	5	Andhra Mahila Sabha
7	Enabling quality education to the girl child	Education and the Environment	Hyderabad, Telangana	5	(1) 5	5	Telangana Yuvathi Mandali
8	Creation of ecommerce and digital archive for traditional Handloom students	Traditional Arts, Textiles and Handicrafts	Maheshwar, Madhya Pradesh	1	(1) 1	1	Direct
9	Provide golf training for economically challenged talented students	Education and the Environment	Delhi	1	(1) 1	1	The Golf Foundation
10	Support for developed Applications	All	India	10	(1) 6 (2) 1	7	WCT and WW
		TOTAL		**105**	**101**	**101**	

6. In alignment with the vision, the Company has strived consistently to create value to the society and community in which it operates and is committed to promote sustainable growth. The Company has undertaken multi-year projects which are implemented in a phased manner. The amount spent on CSR projects by the Company along with the parent Company Sonata Software Limited is in excess of the budgeted amounts. Further the spend has also increased as compared to the previous year and the Company will continue its efforts towards channelizing the funds allocated for this purpose.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

P Srikar Reddy
Chairman

B K Syngal
Chairman of CSR Committee

Place: Mumbai
Date: May 30, 2019

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)

1) **Details of contracts or arrangements or transactions not at arm's length basis**

There was no Contract / arrangement / transaction entered into during the Financial Year ended 31st March 2019, which was not at arm's length basis.

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

(₹ in Lakhs)

Name of the Related Party	Sonata Software Limited	Sonata Software North America Inc.
Nature of Relationship	Holding Company	Fellow subsidiary
Nature Of Contracts/ Arrangements/ Transactions :		
Revenue from software product and licenses*	716	5
Software project fees / service charges	2,013	-
Inter- corporate deposit taken	16,356	-
Inter- corporate deposit repaid	16,356	-
Interest on inter- corporate deposit paid	106	-
Rent paid	54	-
Dividend paid	337	-
Commission paid on corporate guarantees	55	-

***** Revenue amounting to ₹ 70 lakhs has been netted off against software project fees and accordingly presented in the Statement of Profit and Loss.

Notes:

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

For and on behalf of the Board
SONATA INFORMATION TECHNOLOGY LIMITED

Place: Mumbai
Date: May 30, 2019

P SRIKAR REDDY
CHAIRMAN

INDEPENDENT AUDITOR'S REPORT

To The Members of Sonata Information Technology Limited

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of **Sonata Information Technology Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, cash flows and its changes in equity for the year ended on that date.

Basis for Opinion

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

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

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

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

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

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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt

on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e) On the basis of the written representations received from the directors of the Company as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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

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

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

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

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

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No. 110128)

Place: Mumbai
Date: May 30, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Sonata Information Technology Limited of even date)

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

We have audited the internal financial controls over financial reporting of **Sonata Information Technology Limited** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No. 110128)

Place: Mumbai
Date: May 30, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

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

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

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

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount (₹ in Lakhs)
Income Tax Act, 1961	Income Tax	Supreme Court	AY 2001-02 & 2002-03	2,182*
		High Court	AY 2002-03 to 2009-10	29,104
		Appellate Authority upto ITAT Level	AY 2013-14 to 2016-17	4,977

*Net of ₹ 125 Lakhs adjusted against amount paid under protest.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks or financial institutions. The Company has neither taken any loans or borrowings from government or has not issued any debentures.

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

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

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

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

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

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

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

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

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Gurvinder Singh
Partner
(Membership No. 110128)

Place: Mumbai
Date: May 30, 2019

BALANCE SHEET as at March 31, 2019

₹ in Lakhs

	Note No.	As at March 31, 2019	As at March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	80	132
Capital work-in-progress		-	2
Financial assets			
Other financial assets	4	438	881
Deferred tax assets (net)	15	603	328
Other non-current assets	5	1,580	3,298
Total non-current assets		**2,701**	**4,641**
Current assets			
Financial assets	6		
Investments	6.1	4,116	2,702
Trade receivables	6.2	61,030	28,930
Cash and cash equivalents	6.3	4,141	16,874
Bank balances other than above	6.4	984	324
Other financial assests	6.5	159	249
Other current assets	7	1,461	2,311
Total current assets		**71,891**	**51,390**
Total assets		**74,592**	**56,031**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	338	338
Other equity	9	20,183	16,116
Total Equity		**20,521**	**16,454**
LIABILITIES			
Non-current liabilities			
Other non-current liabilities	10	37	33
Total non-current liabilities		**37**	**33**
Current liabilities			
Financial liabilities	11		
Borrowings	11.1	75	-
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	21	5	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		50,559	35,454
Other financial liabilities	11.2	675	711
Other current liabilities	12	1,528	2,541
Provisions	13	51	41
Current tax liabilities (net)	14	1,141	797
Total current liabilities		**54,034**	**39,544**
Total equity and liabilities		**74,592**	**56,031**

See accompanying notes to the financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

P Srikar Reddy
Director

Sujit Mohanty
Vice President & Director

STATEMENT OF PROFIT & LOSS for the year ended March 31, 2019

₹ in Lakhs

	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018
REVENUE			
Revenue from operations	16.1	186,283	154,679
Other income	16.2	841	998
Total revenue		**187,124**	**155,677**
EXPENSES			
Purchases of stock-in-trade (traded goods)		173,886	144,376
Employee benefits expense	17	2,395	2,027
Finance costs	18	333	500
Depreciation and amortization expense	3	70	97
Other expenses	19	3,562	3,302
Total expenses		**180,246**	**150,302**
Profit before exceptional item and tax		**6,878**	**5,375**
Add : Exceptional item (Interest income on Income tax refund)		228	66
Profit before tax		**7,106**	**5,441**
Tax expense			
Current tax expense	14	2,738	1,901
Deferred tax	15	(256)	(39)
Net tax expense		**2,482**	**1,862**
Profit for the year		**4,624**	**3,579**
Other Comprehensive Income			
1 (a) Items that will not be reclassified to profit/(loss)		1	(29)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		-	10
		1	**(19)**
2 (a) Items that will be reclassified to profit/(loss)		(56)	54
(b) Income tax relation to items that will be classified to profit / (Loss)		19	(19)
		(37)	**35**
Total		**(36)**	**16**
Total Comprehensive Income		**4,588**	**3,595**
Earnings per share (on ₹ 10 per share)	29		
Basic and Diluted ₹		137.02	106.03

See accompanying notes to the financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

P Srikar Reddy
Director

Sujit Mohanty
Vice President & Director

CASH FLOW STATEMENT for the year ended March 31, 2019

₹ in Lakhs

		For the year ended March 31, 2019	For the year ended March 31, 2018
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net profit before tax		**7,106**	**5,441**
Adjustments for :			
Depreciation and amortization expense		70	97
Finance costs		308	474
Doubtful and bad trade receivables		127	(8)
Provisions/ liabilities no longer required written back		(53)	(22)
Interest from unwinding of rent deposits discounted		(2)	(1)
Interest income on Income tax refund		(228)	(66)
Interest income from fixed deposits/margin money with banks		(190)	(167)
Dividend income from current investments		(151)	(142)
Discounting of lease deposits debited to rent		(7)	1
Net (gain) / loss on sale of fixed assets / scrapped		9	1
Net (gain) / loss on sale of current investments		(196)	(2)
Unrealized foreign exchange (gain) / loss		(572)	(107)
Operating profit before change in operating assests and liabilities		**6,221**	**5,499**
Adjustments for :			
Decrease/(increase) in trade receivables		(31,943)	12,087
Decrease/(increase) in other financial assets non-current		444	(669)
Decrease/(increase) in other financial assets		10	1,068
Decrease/(increase) in other non-current assets		13	(14)
Decrease/(increase) in other current assets		851	(481)
(Decrease)/increase in trade payables		15,282	(3,766)
(Decrease)/increase in other financial liabilities		63	198
(Decrease)/increase in other current liabilities		(1,013)	(1,220)
(Decrease)/increase in other non-current liabilities		4	6
(Decrease)/increase in provisions		10	12
Net cash flow from / (used in) operating activities before taxes		**(10,058)**	**12,720**
Income taxes paid, net of refunds		(453)	(2,231)
Net cash flow from / (used in) operating activities	**(A)**	**(10,511)**	**10,489**

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SONATA SOFTWARE

CASH FLOW STATEMENT for the year ended March 31, 2019

₹ in Lakhs

		For the year ended March 31, 2019	For the year ended March 31, 2018
B. CASH FLOW FROM INVESTING ACTIVITIES			
Payment for property, plant and equipments		(31)	(70)
Proceeds from disposal of property, plant and equipments		13	-
Purchase of investments		(76,400)	(64,450)
Proceeds from sale of investments		75,332	63,693
Bank balances not considered as Cash and cash equivalents		(660)	5,564
Interest received		191	544
Net cash flow from / (used in) investing activities	**(B)**	**(1,555)**	**5,281**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds / (repayment) from / (of) Short - term borrowings (net)		(28)	(305)
Dividends paid on equity shares		(338)	(337)
Dividend taxes paid on equity shares		(69)	(69)
Finance costs paid		(310)	(473)
Net cash flow from / (used in) financing activities	**(C)**	**(745)**	**(1,184)**
Net increase/(decrease) in Cash and cash equivalents	**(A+B+C)**	**(12,811)**	**14,586**
Opening Cash and cash equivalents		16,874	2,211
Exchange difference on translation of foreign currency Cash and cash equivalents		78	77
Closing Cash and cash equivalents		**4,141**	**16,874**
Cash and cash equivalents at the end of the period comprises:			
Balances with banks			
In current accounts		522	1,461
In EEFC accounts		215	5,553
In demand deposit accounts		3,404	9,860
		4,141	**16,874**

See accompanying notes to the financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

P Srikar Reddy
Director

Sujit Mohanty
Vice President & Director

STATEMENT OF CHANGES IN EQUITY

for the year ended March 31, 2019

(a) Equity share capital	₹ in Lakhs
Balance as at April 1, 2017	338
Add: Shares issued on exercise of employee stock options	-
Balance as at March 31, 2018	**338**
Balance as at April 1, 2018	338
Add: Shares issued on exercise of employee stock options	-
Balance as at March 31, 2019	**338**

(b) Other equity

₹ in Lakhs

	Reserves and Surplus (Refer Note 9)			Items of Other Comprehensive Income (Refer Note 9)		Total Other Equity
	Capital Redemption Reserve	General Reserve	Retained Earnings	Remeasurement of the defined benefit plans	Effective portion of cash flow hedges	
Balance as at April 1, 2017	263	450	12,092	7	262	13,074
Profit for the year	-	-	3,579	-	-	3,579
Other comprehensive income (net of tax)	-	-		(19)	35	16
Total comprehensive income for the year	-	-	**3,579**	**(19)**	**35**	**3,595**
Amount transferred to initial amount of hedged item (net of tax)	-	-	-		(147)	(147)
Payment of cash dividends (refer note 30)	-	-	(337)	-	-	(337)
Dividend distribution tax (refer note 30)	-	-	(69)	-	-	(69)
Balance as at March 31, 2018	**263**	**450**	**15,265**	**(12)**	**150**	**16,116**
Balance as at April 1, 2018	263	450	15,265	(12)	150	16,116
Profit for the year	-	-	4,624	-	-	4,624
Other comprehensive income (net of tax)	-	-		1	(37)	(36)
Total comprehensive income for the year	-	-	**4,624**	**1**	**(37)**	**4,588**
Amount transferred to initial amount of hedged item (net of tax)	-	-	-	-	(115)	(115)
Payment of cash dividends (refer note 30)	-	-	(337)	-	-	(337)
Dividend distribution tax (refer note 30)	-	-	(69)	-	-	(69)
Balance as at March 31, 2019	**263**	**450**	**19,483**	**(11)**	**(2)**	**20,183**

See accompanying notes to the financial statements

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

Gurvinder Singh
Partner
(Membership No. 110128)

Place : Mumbai
Date : May 30, 2019

For and on behalf of the Board of Directors

P Srikar Reddy
Director

Sujit Mohanty
Vice President & Director

Notes forming part of financial statements

1 COMPANY OVERVIEW

Sonata Information Technology Limited ("SITL" or the "Company") is a Company primarily engaged in the business of providing Information Technology Solutions, software development services and re-selling products of companies such as Microsoft, IBM and Oracle etc. to its customers in India and the Asia Pacific region.

The Company is a public limited company incorporated and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. SITL is a wholly owned subsidiary of Sonata Software Limited. The financial statements are approved for issue by the Company's Board of Directors on May 30, 2019.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION & PRESENTATION OF FINANCIAL STATEMENTS

a. Statement of compliance

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

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

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with the date of initial application being April 1, 2018. Ind AS 115 establishes a comprehensive framework on revenue recognition. Ind AS 115 replaces Ind AS 18 'Revenue' and Ind AS 11 'Construction Contracts'. The application of Ind AS 115 did not have material impact on the financial statements.

Appendix B to Ind AS 21 'The Effects of Changes in Foreign Exchange Rates': On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment is effective from April 1, 2018. The Company has evaluated the effect of this amendment on the financial statements and concluded that the impact is not material.

b. Basis of measurement

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

c. Use of judgement, estimates and assumptions

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

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

i) Income taxes

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

ii) 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 forecast transaction.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional and presentation currency

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

b. Property, plant and equipment

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

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

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

c. Capital work-in-progress

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

d. Depreciation/ Amortisation

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

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

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

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

e. Financial Instruments

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

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

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

Non-derivative financial assets

i. Financial assets at amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:

(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. Financial assets are measured initially at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest rate method, less any impairment loss.

Financial assets at amortised cost are represented by trade receivables, security deposits, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Cash and cash equivalents comprise cash on hand and in banks and demand deposits with banks which can be withdrawn at any time without prior notice or penalty on the principal.

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand, in banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand, book overdraft and are considered part of the Company's cash management system.

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

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

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

Financial assets which is not classified in any of the above category is measured at FVTPL. These include surplus funds invested in mutual funds etc.

Financial assets included within the FVTPL category are measured at fair values with all changes recorded in the statement of profit and loss.

Non-derivative financial liabilities

Financial liabilities at amortised cost

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

Derivative financial instruments and hedging activities

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

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

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

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

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

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

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

Offsetting financial instruments

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

Fair value measurement

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

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

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

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

f. 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 a provident fund, which is a defined benefit plan. The employer and employees each make periodic contributions to the plan. A portion of the contribution is made to the approved provident fund trust managed by the Trustees of Sonata Software Limited Provident Fund while the remainder of the contribution is made 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.

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

g. 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.

h. 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.

i. Leases

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

j. Cash flow Statement:

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

k. Revenue Recognition

The Company derives revenue primarily from Information Technology Services and Solutions. The Company recognizes revenue when it transfers control over a product or a service to a customer.

Effective April 1, 2018 the company adopted Ind AS 115, "Revenue from Contracts with Customers" using the cumulative catch-up transition method which is applied to contracts that were not completed as of April 1, 2018. Accordingly, the comparatives have not been retrospectively adjusted. The effect of adoption of Ind AS 115 was insignificant on financial statements.

The method for recognizing revenues and costs depends on the nature of the services rendered.

a) Hardware/software products and licenses

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

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

b) Time and materials contracts

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

c) Fixed-price contracts

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

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

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

d) Maintenance Contracts

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

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

Trade receivables and Contract Balances

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

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

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

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.

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

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

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

l. Dividend and dividend distribution tax:

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are treated as an appropriation of profits.

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

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

b) Non-financial assets

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

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

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

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

p. Earnings per share

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

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

q. Contingent Liabilities

Contingent liabilities exist when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or nonoccurence 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.

t. New standards and interpretations not yet adopted

Ind AS 116 - 'Leases': The Ministry of Corporate Affairs notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Ind AS 116 – Leases on March 30, 2019. This replaces Ind AS 17, related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Currently, operating lease expenses are charged to the statement of profit and loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements as per Ind AS 17. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019.

Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective for annual periods beginning on or after April 1, 2019.

Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment will come into force for accounting periods beginning on or after April 1, 2019, though early application is permitted.

Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment will come into force for accounting periods beginning on or after April 1, 2019.

The Company is evaluating the effect of the above on its financial statements.

Notes forming part of financial statements

3. Property, Plant and Equipment

₹ in Lakhs

	Tangible Assets					
	Leasehold improvements	Plant and equipments	Office equipments	Furniture and fixtures	Vehicles	Total
Gross carrying value (Deemand cost)						
As at April 1, 2017	99	79	26	18	-	222
Additions	-	34	2	1	29	66
Disposals	-	(1)	-	-	-	(1)
As at March 31, 2018	**99**	**112**	**28**	**19**	**29**	**287**
As at April 1, 2018	99	112	28	19	29	287
Additions	8	30	2	-	-	40
Disposals	-	(1)	(1)	-	(29)	(31)
As at March 31, 2019	**107**	**141**	**29**	**19**	**-**	**296**
Accumulated Depreciation						
As at April 1, 2017	18	30	7	3	-	58
Depreciation for the Year	44	30	11	5	7	97
Disposals	-	-	-	-	-	-
As at March 31, 2018	**62**	**60**	**18**	**8**	**7**	**155**
As at April 1, 2018	62	60	18	8	7	155
Depreciation for the Year	37	25	4	4	-	70
Disposals	-	(1)	(1)	-	(7)	(9)
As at March 31, 2019	**99**	**84**	**21**	**12**	**-**	**216**
Net carrying value						
As at March 31, 2018	**37**	**52**	**10**	**11**	**22**	**132**
As at March 31, 2019	**8**	**57**	**8**	**7**	**-**	**80**

4. Other financial assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Security deposits	104	67
Balance held as margin money or security against guarantee	334	814
Total	**438**	**881**

5. Other non-current assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good unless other wise stated		
Lease pre-payments	7	1
Other deposits	14	13
Advance Tax	1,339	3,051
Balances with Government authorities		
Receivable from Customs authority	219	219
Receivable from GST authority	1	14
Other recoverables	125	125
Less : Allowance for doubtful recoverable	125	125
	-	-
Total	**1,580**	**3,298**

6.1. Investments

Non-trade (Quoted)

	As at March 31, 2019		As at March 31, 2018	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Aditya Birla Sunlife Liquid Fund - Growth Direct Plan	350,997	1,055	-	-
Birla Sun Life Cash Plus - Daily Dividend - Direct Plan	-	-	699,097	701
IDFC Ultra Short Term Fund - DD - Direct	-	-	6,923,084	701
Tata Liquid Fund Direct Plan - Growth	34,092	1,004	-	-
Tata Money Market fund - Direct Plan	-	-	59,789	600
DSP Liquidity Fund - Direct Growth	43,177	1,154	-	-
DSP BlackRock Low Duration Fund	-	-	6,950,719	700
ICICI Prudential Liquid Fund - Direct Growth	326,867	903	-	-
Total		**4,116**		**2,702**
Aggregate amount of quoted investments		4,116		2,702
Market value of quoted investments		4,116		2,702
Investments carried at fair value though profit or loss		4,116		2,702

6.2. Trade receivables

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Unsecured		
Considered good*	61,030	28,930
Considered doubtful	204	210
	61,234	29,140
Less : Allowances for credit losses	204	210
Total	**61,030**	**28,930**

* include dues from related party (Refer note 31)

6.3. Cash and cash equivalents

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Balances with banks		
In current accounts	522	1,461
In EEFC accounts	215	5,553
In demand deposit accounts	3,404	9,860
Total	**4,141**	**16,874**

6.4. Bank balances other than above

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
In earmarked accounts		
Balance held as margin money or security against borrowings	984	324
Total	**984**	**324**

6.5. Other financial assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Security deposits	2	3
Interest accrued but not due on fixed deposits/margin money	1	2
Unbilled revenue	69	77
Fair value of forward contracts	87	167
Total	**159**	**249**

7. Other current assets

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Other deposits	146	185
Loans and advances to employees	2	20
Prepaid expenses	76	89
Balances with government authorities		
Receivable from service tax authority	71	71
VAT credit receivable	133	203
GST credit receivable	126	304
	330	578
Gratuity (Refer Note 25)	4	-
Other recoverables	903	1,439
Total	**1,461**	**2,311**

8. Equity share capital

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Authorised		
10,000,000 equity shares of ₹ 10/- each	**1,000**	**1,000**
(As at March 31, 2018 : 10,000,000 equity shares of ₹ 10/- each)		
Issued		
6,000,700 equity shares of ₹ 10/- each	**600**	**600**
(As at March 31, 2018 : 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, 2018 : 3,375,394 equity shares of ₹ 10/- each)		
Total	**338**	**338**
Refer notes (i) to (vi) below		

Notes :

	As at March 31, 2019	As at March 31, 2018
i) Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year		
Equity shares with voting rights		
Number of shares	3,375,394	3,375,394
Amount ₹ in Lakhs	338	338

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

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

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

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

		As at March 31, 2019	As at March 31, 2018
iii)	**Details of shares held by each shareholder holding more than 5% shares**		
	Equity shares with voting rights		
	Sonata Software Limited (Holding Company) and its nominees	3,375,394	3,375,394
iv)	**Details of shares held by each shareholder holding more than 5% shares**		
	Sonata Software Limited (Holding Company) and its nominees		
	No. of shares held	3,375,394	3,375,394
	% of holding	100%	100%

v) During the year ended March 31, 2019 on account of interim dividend for fiscal 2019 the Company has incurred a net cash outflow of ₹ 406 Lakhs inclusive of dividend distribution tax.

(vi) The Board of Directors, at its meeting on May 30, 2019, recommended a final dividend of ₹ 5.00 per equity shares for the financial year ended March 31, 2019. This payment is subject to the approval of share holders in the ensuing Annual General Meeting of the Company, to be held on August 7, 2019 and if approved would result in a net cash outflow of approximately ₹ 203 Lakhs, including dividend distribution tax.

9. Other equity

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Capital redemption reserve	**263**	**263**
A statutory reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of company's own share pursuant to section 69 of the Company Act 2013.		
General reserve	**450**	**450**
This represent appropriation of profit by the company.		
Retained earnings		
Opening balance	15,265	12,092
Profit for the period	4,624	3,579
Less :		
Dividend	337	337
Tax on dividend	69	69
Closing balance	**19,483**	**15,265**
Retained earnings comprises of the amounts that can be distributed by the company as dividends to its equity share holders.		
Other Comprehensive Income		
Remeasurement of the defined benefit plans		
Opening balance	(12)	7
For the year, (net of tax)	1	(19)
Closing balance	**(11)**	**(12)**
Actuarial gain or (loss) on gratuity benefit are recognised in other comprehensive income.		
Effective portion of cash flow hedges		
Opening balance	150	262
Exchange differences on cash flow hedges, (net of tax)	(37)	35
Less : Transferred to Statement of Profit and Loss	115	142
Closing balance	**(2)**	**150**
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	**20,183**	**16,116**

10. Other non-current liabilities

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Lease rent equalization	37	33
Total	**37**	**33**

11.1. Borrowings

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Term loan		
From others - Unsecured	75	-
Total	**75**	**-**

*The loan is an unsecured loan repayable in four non-equated instalments as agreed at the time of borrowing beginning from November 1, 2018. The loan is repayable by August 1, 2019. There is no default in the repayment of the principal loan and interest amounts.

11.2. Other financial liabilities

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Current maturities of long-term debt	-	104
Interest accrued but not due on borrowings	1	3
Payable on purchase of fixed assets	15	8
Reimbursable expenses payable to related party (Refer Note 31)	659	596
Total	**675**	**711**

12. Other current liabilities

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Income received in advance (Unearned revenue)	173	-
Gratuity payable (net) (Refer note 25)	-	17
Other payables		
Statutory remittances	1,127	2,202
Advances from customers	102	299
Others	126	23
Total	**1,528**	**2,541**

13. Provisions

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits - Compensated absences	51	41
Total	**51**	**41**

14. Current tax liabilities (net)

(₹in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Provision for tax	1,141	797
Total	**1,141**	**797**

15. Income Tax

(₹in Lakhs)

		As at March 31, 2019	As at March 31, 2018
(a)	**Income tax expense in the statement of profit and loss consists of:**		
	Current Tax:		
	In respect of current period	2738	1,901
	Deferred Tax:		
	In respect of current period	(256)	(39)
	Total Income tax expense recognised in the statement of profit and loss	**2,482**	**1,862**
(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	-	10
	Net loss / (gain) on measurement of exchange difference	19	(19)
	Total	**19**	**(9)**
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	7,106	5,441
	Enacted income tax rate in India	34.94%	34.61%
	Computed expected tax expense	2,483	1,883
	Effect of:		
	Income that is exempt from tax	(53)	(49)
	Expenses that are not deductible in determining taxable profit	37	42
	Others	15	(14)
	Income tax expense recognised in the statement of profit and loss	**2,482**	**1,862**

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

The applicable Indian corporate statutory taax rate for the year ended March 31, 2019 and March 31, 2018 is 34.94% and 34.61% respectively. The increase in the corporate statutory tax rate to 34.94% is consequent to changes made in the Finance Act, 2018.

15. Deferred Tax

Deferred Tax assets / (liabilitities) as at March 31, 2019 in relation to: (₹in Lakhs)

	As on April 1, 2018	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Others	As on March 31, 2019
Property, Plant and Equipment	25	22	-	-	47
Allowances for Credit Losses	73	(1)	-	-	72
Disallowance u/s 40 (a)	183	219	-	-	402
Disallowance u/s 43 (B)	39	(10)	-	-	29
Fair value through other comprehensive income	(9)	-	19	-	10
Others	17	26	-	-	43
Total	**328**	**256**	**19**	**-**	**603**

Deferred Tax assets / (liabilitities) as at March 31, 2018 in relation to: (₹in Lakhs)

	As on April 1, 2017	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	Others	As on March 31, 2018
Property, Plant and Equipment	8	17	-	-	25
Allowances for Credit Losses	76	(3)	-	-	73
Disallowance u/s 40 (a)	72	4	-	107	183
Disallowance u/s 43 (B)	26	13	-	-	39
Fair value through other comprehensive income	-	-	(9)	-	(9)
Others	9	8	-	-	17
Total	**191**	**39**	**(9)**	**107**	**328**

16.1. Revenue from operations

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Revenue from hardware/software products and licenses	184,172	152,653
Revenue from software services	2,111	2,025
Other operating revenues	-	1
Total	**186,283**	**154,679**

16.2. Other income

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest		
from fixed deposits/margin money with banks	190	167
from unwinding of rent deposits discounted	2	1
Dividend income from current investments	151	142
Net gain on current investments	196	2
Net gain on foreign currency transactions and translations	198	664
Other non-operating income		
Liabilities/provisions no longer required written back	53	22
Miscellaneous income	51	-
Total	**841**	**998**

17. Employee benefit expense

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries including bonus	1,846	1,547
Contributions to provident and other funds	147	121
Share based payments to employees (refer note 25)	14	-
Staff welfare expenses	30	15
	2,037	**1,683**
Deputation cost/Service charges from holding company	358	344
Total	**2,395**	**2,027**

18. Finance costs

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expenses on:		
Borrowings	47	81
Inter corporate borrowings	106	202
Others	25	26
Other borrowing costs	155	191
Total	**333**	**500**

19. Other expenses

(₹in Lakhs)

	For the year ended March 31, 2019	For the year ended March 31, 2018
Power and fuel	13	13
Rent	223	175
Repairs and maintenance - Machinery	3	2
Insurance	104	95
Rates and taxes	136	151
Communication cost	26	37
Facility maintenance	73	64
Travelling and conveyance expenses	189	204
Sales commission	432	405
Professional and technical fees	161	151
Software project fees from holding company	1,560	1,570
Legal fees	11	19
Insourcing professional fees	16	-
Expenditure on Corporate Social Responsibility	101	95
Payments to auditors	26	32
Net loss on fixed assets sold / scrapped	9	1
Doubtful and bad trade receivables	127	(8)
Miscellaneous expenses	257	185
	3,467	**3,191**
Service charges from holding company	95	111
Total	**3,562**	**3,302**
Note - Payment to auditors comprises (net of input tax credit):		
Statutory audit	26	25
Other services	-	7
	26	**32**

20 Contingent Liabilities

(₹in Lakhs)

		As at March 31, 2019	As at March 31, 2018
a)	**Other claims against the Company not acknowledged as debt**	**65**	**65**
b)	**Disputed demands of Income-tax**	**36,264**	**33,220**

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

(i) Disallowance of Inter-Company service charges and costs for deputation of personnel.

Sonata Software Limited, the holding company charges the Company for certain support services rendered and for the cost of project personnel deputed. These support services and costs for deputation are being disallowed by the Income-tax department while computing taxable profits of the Company. The Company has challenged these disallowances and consequent demands at appellate levels and is confident of a favorable outcome.

Details of Demands and Forums where they are pending are:

i. ₹ 5,014 (As at March 31, 2018 - ₹ 5,014) for the financial years 2001-02, 2003-04 to 2009-10. The Company has received favorable orders from the Income-tax Appellate Tribunal (Income Tax Appellate Tribunal). The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.

ii. ₹ 447 (As at March 31, 2018 - ₹ 447) for the financial year 2002-03. The Income-tax department's appeal to the Honorable High Court of Mumbai was time barred and hence dismissed. The Income-tax department had preferred a Special Leave Petition on the said dismissal to the Honorable Supreme Court of India which had referred the petition back to the Honorable High Court of Mumbai to reconsider its decision. The Honorable High Court of Mumbai admitted the appeal.

iii. ₹ 2,944 (As at March 31, 2018 - Nil) for the financial years 2012-13 and 2013-14. The Company has received favorable order during financial year 2017-18 from Commissioner of Income-tax (Appeals). The income tax department has preferred an appeal to Income Tax Appellate Tribunal

iv. ₹ 1,877 (As at March 31, 2018- Nil) for financial years 2014-15 and 2015-16. 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).

v. Nil (As at March 31, 2018 ₹ 1,919) for financial year 2011-12, the Company has received favorable order from ITAT

(ii) Withholding tax demand

The Company is engaged in the business of buying and selling packaged software in India. The Income Tax department has been contending that amounts paid by the Company for buying the software products is in the nature of 'Royalty' and hence had to withhold Income-tax on the same as per the Income-tax Act, 1961, and had raised demands of ₹ 2,182 (As at March 31, 2018 - ₹ 2,182) for the financial years 2000-01 and 2001-02. The Company's contention has been that the payments were made for purchase of 'Goods' and hence was under no obligation to withhold Income-tax on the same. The Company had received favorable orders from the Income-tax Appellate Tribunal which were reversed by the Honorable High Court of Karnataka. The Company had preferred a Special Leave Petition on the said order to the Honorable Supreme Court of India, which had been admitted. However, for these years one of the principal suppliers of software to the Company had paid taxes of ₹ 1286 out of the above demand. The amount included as disputed demand is excluding the amount paid by the supplier.

(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 the Company. Consequent to issue described in (ii) above, the Income-tax department, holding payments for purchase of software as "Royalty" disallowed the same while computing taxable profits of the Company.

The Honorable High Court of Karnataka had given an unfavorable decision on the issue covered in (ii) above. 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 legal opinions and feedback from its legal counsels, 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, 2018 - ₹ 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 Income Tax Appellate Tribunal. The Income-tax department had preferred an appeal to the Honorable High Court of Mumbai.

ii. ₹ 14 (As at March 31, 2018- ₹ 14) for the financial year 2014-15. The Department has filed an appeal before the ITAT.

iii. ₹ 127 (As at March 31, 2018- Nil) for the financial years 2012-13 and 2013-14. The Company had received a favorable order from CIT(A). The Income-tax department had preferred an appeal before ITAT.

iv. ₹ 15 (As at March 31, 2018 - Nil) for the financial year 2015-16. The assessing officer has disallowed payments made for purchase of software on non-deduction of tax. The company has preferred an appeal before CIT(A).

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

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

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	5	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

22. Financial instruments

The carrying value and fair value of financial instruments by categories as at March 31, 2019 and March 31, 2018 is as follows:

(₹in Lakhs)

		Carrying Value		Fair Value	
	Note No.	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Financial assets					
Amortised Cost					
Trade receivable	6.2	61,030	28,930	61,030	28,930
Cash and cash equivalents	6.3	4,141	16,874	4,141	16,874
Bank balances other than Cash & cash equivalents	6.4	984	324	984	324
Other financial assets		404	893	404	893
FVTPL					
Investments in Mutual Funds (quoted)	6.1	4,116	2,702	4,116	2,702
Security Deposits		106	70	106	70
Forward Contracts	6.5	87	167	87	167
Total Assets		**70,868**	**49,960**	**70,868**	**49,960**
Financial liabilities					
Amortised Cost					
Borrowings	11.1	75	-	75	-
Trade payables		50,564	35,454	50,564	35,454
Other financial liabilities	11.2	675	711	675	711
Total Liabilities		**51,314**	**36,165**	**51,314**	**36,165**

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, 2019, 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, 2019 and March 31, 2018.

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

	Fair value		Fair value hierarchy	Valuation technique and Key inputs
	As at March 31, 2019	As at March 31, 2018		
Investments in Mutual Funds (quoted)	4,116	2,702	Level 1	Fair value is determined based on the Net asset value published by respective funds.
Foreign currency forward contracts	87	167	Level 2	The fair value of forward foreign contracts are determined using forward exchange rates at the reporting date.

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Derivative financial instruments

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

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

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Designated derivative instruments (sell):		
In USD	269	258

The foreign exchange forward and option contracts mature anywhere between 0-1 year. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Designated derivative instruments (Sell):		
Less than 3 months		
In USD	261	139
More than 3 months		
In USD	8	119

Average rate of coverage	As at March 31, 2019		As at March 31, 2018	
	(₹ in Lakhs)	Weighted Average Rate (₹)	(₹ in Lakhs)	Weighted Average Rate (₹)
USD	269	69.97	258	66.81

23. Financial risk management

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

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

Credit risk

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

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. The Company has taken an Insurance cover on trade receivables.

The following table gives details in respect of revenues generated from top customer and top 5 customers (excluding Inter Company):

(₹ in Lakhs)

	For the year ended	
	As at March 31, 2019	**As at March 31, 2018**
Revenue from top customer	49,822	45,125
Revenue from top 5 customers	80,611	69,436

One customer accounted for more than 10% of the revenue for the year ended March 31, 2019 and two of the customers accounted for more than 10% of the receivables for the year ended March 31, 2019. One customer accounted for more than 10% of the revenue for the year ended March 31, 2018, however none of the customers accounted for more than 10% of the receivables for the year ended March 31, 2018.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors.

Liquidity risk

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

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

The working capital position of the Company is given below:

(₹ in Lakhs)

	As at March 31, 2019	**As at March 31, 2018**
Cash and cash equivalents	4,141	16,874
Investments in Mutual Funds (quoted)	4,116	2,702
Trade receivables	61,030	28,930
Other financial assets	159	249
Other current assets	1,461	2,311

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019 and March 31, 2018:

(₹ in Lakhs)

	As at March 31, 2019		
	Less than 1 year	**1-2 years**	**2 years & above**
Borrowings	75	-	-
Trade payables	50,564	-	-
Other financial liabilities	675	-	-

Particulars	As at March 31, 2018		
	Less than 1 year	**1-2 years**	**2 years & above**
Borrowings	-	-	-
Trade payables	35,454	-	-
Other financial liabilities	711	-	-

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 ₹ 183 Lakhs increase and decrease in the Company's net profit as at March 31, 2019;

b) an approximately ₹ 90 Lakhs increase and decrease in the Company's net profit as at March 31, 2018.

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2019 and March 31, 2018.

(₹ in Lakhs)

Exposure currency	USD	GBP	EUR	Other Currencies*
As at March 31, 2019				
Assets				
Trade receivables	5,763	-	115	22
Cash and Cash equivalents	726	-	-	7
Liabilities				
Trade Payable	(374)	(3)	(4)	(232)
Net assets/liabilities	**6,115**	**(3)**	**111**	**(203)**
As at March 31, 2018				
Assets				
Trade receivables	-	-	-	23
Cash and Cash equivalents	5,548	-	-	6
Other assets	-	-	-	-
Liabilities				
Trade Payable	(1,193)	(3)	(1)	(3)
Other liabilities	(6)	-	-	-
Net assets/liabilities	**4,349**	**(3)**	**(1)**	**26**

*Others include currencies such as Singapore Dollar, Australian Dollar.

For the year ended March 31, 2019, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.03%/ (0.03)%. For the year ended March 31, 2018, the impact on operating margins would be 0.03%/ (0.03)%.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment. The Company's investments are primarily short-term, which do not expose it to significant interest rate risk.

24. Capital management

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

The capital structure of the company consists of the following: (₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Total equity attributable to the equity share holders of the Company	20,521	16,454
As percentage of total capital	100%	100%
Current borrowings	75	-
Non-current borrowings	-	-
Total Borrowings	75	-
As a percentage of total capital	0%	0%
Total capital (borrowings and equity)	20,596	16,454

25. Employee benefit plans

i) Defined contribution plans

Provident fund

a) Eligible employees of Sonata 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.

Provident fund contributions amounting to ₹ 71 Lakhs (for the year ended March 31, 2018 ₹ 64 Lakhs) has been charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 17 Employee benefits expense).

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

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Employee's State Insurance (as part of Staff welfare expenses in Note 17 Employee benefits expense)	1	1
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 17 Employee benefits expense)	46	38
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in Note 17 Employee benefits expense)	3	3

ii) Defined benefit plans - Gratuity

As per valuation

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

	As at March 31, 2019	As at March 31, 2018
Discount rate(s)	7.94%	7.86%
Expected rate(s) of salary increase	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality 2006-08	Indian Assured Lives Mortality 2006-08

Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:

(₹ in Lakhs)

	Year ended March 31, 2019	Year ended March 31, 2018
Service Cost:		
Current Service Cost	25	18
Net Interest Expense	1	(2)
Components of defined benefit costs recognised in profit or loss	26	16
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	(1)	2
Actuarial (gains) / losses arising from changes in financial assumptions	(2)	(6)
Actuarial (gains) / losses arising from experience adjustments	2	33
Components of defined benefit costs recognised in other comprehensive income	(1)	29

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.

The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
Present value of funded defined benefit obligation	(270)	(232)
Fair value of plan assets	274	215
Net (liability) / Assets arising from defined benefit obligation	**4**	**(17)**
Movements in the present value of the defined benefit obligation are as follows.		
Opening defined benefit obligation	232	177
Current service cost	25	18
Interest cost	18	13
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial assumptions	(2)	(6)
Actuarial gains and losses arising from experience adjustments	2	33
Benefits paid	(5)	(3)
Closing defined benefit obligation	**270**	**232**
Movements in the fair value of the plan assets are as follows.		
Opening fair value of plan assets	215	204
Interest income	17	16
Return on plan assets (excluding amounts included in net interest expense)	1	(2)
Contributions from the employer	46	-
Benefits paid	(5)	(3)
Closing fair value of plan assets	**274**	**215**

The major categories of plan assets as a percentage of total plan:

	As at March 31, 2019	As at March 31, 2018
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	24.63%	21.51%
Defensive Fund	35.16%	36.65%
Balanced Fund	40.21%	41.84%

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

(₹ in Lakhs)

	As at March 31, 2019		As at March 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	26	23	24	21
Future salary growth (1% movement)	27	24	24	21

The Company expects to contribute ₹ 23 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 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, 2019	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
Present value of defined benefit obligation	270	232	176	153	137
Fair value of plan assets	274	215	204	182	128
Surplus / (deficit)	4	(17)	28	29	(9)
Experience adjustments on plan liabilities - (gain)/losses	2	33	(10)	4	25
Experience adjustments on plan assets - (losses)/gain	1	(2)	13	(10)	15

Maturity profile of defined benefit obligation: **(₹ in Lakhs)**

	As at March 31, 2019	As at March 31, 2018
Within 1 year	9	7
1-2 years	8	8
2-3 years	9	8
3-4 years	31	8
4-5 years	10	29
5 years and Above	578	624

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.

As at the end of the year 54,000 options has been granted under the above mentioned plan and expense amounting to ₹ 14 Lakhs has been recognised in Statement of Profit and Loss.

26. Segment reporting

The Company is engaged in the business of hardware/software product and licenses including related services in India which constitutes a single business segment. The Company's operations outside India did not exceed the quantitative threshold for disclosure envisaged in Ind AS 108.

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

27. Details of leasing arrangements

i. The Company has entered into various operating lease agreements for office premises, residential premises, guest houses and certain assets. These leases are cancellable as well as non-cancellable and are for a period of 3 to 99 months and may be renewed based on mutual agreement between the parties.

(₹ in Lakhs)

	As at March 31, 2019	As at March 31, 2018
ii. The total of future minimum lease payments which are non-cancellable operating leases are as below :		
Not later than one year	99	21
Later than one year and not later than 5 years	57	4
Later than 5 years	-	-
iii. The lease payments recognised in the Statement of Profit and Loss are as under :		
Included in rent (Refer Note 19)	223	175
iv. There are no rents which are contingent in nature.		

28. 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 preceeding 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 ₹ 105 Lakhs (Previous Year is ₹ 93 Lakhs)

(ii) Amount spent during the year is ₹ 101 Lakhs (Previous year is ₹ 95 Lakhs)

(iii) Amount unspent is ₹ 4 Lakhs (Previous year is Nil)

29. Earnings Per Share

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

	Year ended March 31, 2019	Year ended March 31, 2018
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

30. Distributions made and proposed :

The amount of per share dividend recognized as distributions to equity shareholders for the year ended March 31, 2019 and year ended March 31, 2018 was ₹ 15 and ₹ 10 respectively.

The Board of Directors at their meeting held on August 13, 2018 had declared an interim dividend of 50% (₹ 5 per equity share of par value of ₹ 10 each). The Board of Directors at their meeting held on November 2, 2018 had declared second interim dividend of 50% (₹ 5 per equity share of par value of ₹ 10 each). Further, the Board of Directors at its meeting held on May 30, 2019 have recommended a final dividend of 50% (₹ 5 per equity share of par value ₹ 10 each) which is subject to approval of shareholders. If approved, this would result in a cash outflow of approximately ₹ 203 Lakhs inclusive of dividend distribution tax.

The Board of Directors at their meeting held on August 14, 2017 had declared an interim dividend of 50% (₹ 5 per equity share of par value of ₹ 10 each). The Board of Directors at their meeting held on November 13, 2017 had declared second interim dividend of 50% (₹ 5 per equity share of par value of ₹ 10 each).

31. Related party disclosure

i) Details of related parties :

Description of relationship	**Names of related parties**
(a) Holding Company	Sonata Software Limited
(b) Fellow Subsidiary	Sonata Software North America Inc.
	Sonata Software FZ LLC
(c) Post-employment benefit plan	Sonata Software Limited Gratuity Fund
	Sonata Software Officers' Superannuation Fund
	Sonata Software Provident Fund Trust
(d) Key Management Personnel (KMP)	Mr. P Srikar Reddy, Director
	Mr. Sujit Mohanty, Vice President & Director

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

	Holding Company		Fellow Subsidiary		KMP	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Revenue from Software products and licenses**	716	4,886	5	9	-	-
Software project fees	1,560	1,570	-	-	-	-
Service charges	453	455	-	-		
Rent paid	54	52	-	-	-	-
Inter corporate borrowings taken	16,356	45,179	-	-	-	-
Inter corporate borrowings repaid	16,356	45,179	-	-	-	-
Interest on inter corporate borrowings	106	201	-	-	-	-
Dividend paid	337	337	-	-	-	-
Commission on corporate guarantees	55	51	-	-	-	-
Compensation of key management personnel of the Company						
Short-term employee benefits*	-	-	-	-	89	76
Share-based payment transactions	-	-	-	-	7	-
Balances outstanding at the end of the year						
Trade Receivables	244	1,248	-	9	-	-
Trade payables	134	-	-	-	-	-
Reimbursement of expenses payable	659	596	-	-	-	-
Corporate guarantees taken	10,873	10,276	-	-	-	-
Payable to key management personnel of the Company						
Short-term employee benefits*	-	-	-	-	25	20
Share-based payment transactions	-	-	-	-	7	-

* The above employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

** Revenue amount is ₹ 70 Lakhs has been netted off against software project fees and has been accordingly presented in the Statement of Profit and Loss.

Transactions with key management personnel

During the year ended March 31, 2019, 45,000 units of Sonata Software Limited (year ended March 31, 2018 - Nil) were granted to the key management personnel under the Stock Appreciation Rights Plan.

For and on behalf of the Board of Directors

P Srikar Reddy
Director

Sujit Mohanty
Vice President & Director

Place : Mumbai
Date : May 30, 2019

SONATA SOFTWARE LIMITED

(CIN No.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 – 560 019
Tel: 91-80-67781999, Fax: 91-80-2661 0972, **E-mail:** info@sonata-software.com, **Website:** www.sonata-software.com

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty-Fourth Annual General Meeting (AGM) of the members of SONATA SOFTWARE LIMITED will be held on Wednesday, 7th August, 2019 at 4.00 P.M. at M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the following:
   (a) the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2019 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 31st March, 2019 together with the report of the Auditors thereon.
2. To confirm the payment of Interim Dividend of ₹ 4.75 per equity share of ₹ 1/- each (i.e. 475%), already paid and to approve a Final Dividend of ₹ 8/- per equity share of face value of ₹ 1/- each (i.e. 800%), for the Financial Year 2018-19.
3. To appoint a Director in place of Mr. Viren Raheja (DIN: 00037592), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. To consider and if thought fit, to pass the following resolution as a Special Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time Mr. Pradip P Shah (DIN: 00066242), who was appointed as an Independent Director at the Nineteenth Annual General Meeting of the Company who holds office upto 10th August, 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in the Companies Act, 2013 and the rules framed thereunder and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for five consecutive years commencing from 11th August, 2019 up to 10th August, 2024, not liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to do all acts, deeds, matters and things which may be necessary to give effect to this resolution."
5. To consider and if thought fit, to pass the following resolution as a Special Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, and other applicable regulations of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time Ms. Radhika Rajan (DIN: 00499485), who was appointed as an Independent Director at the Twentieth Annual General Meeting of the Company who holds office upto 12th August, 2019 and who is eligible for re-appointment and who meets the criteria for independence as provided in the Companies Act, 2013 and the rules framed thereunder and in respect of whom the Company has received a Notice in writing from a Member under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby re-appointed as an Independent Director of the Company to hold office for five consecutive years commencing from 13th August, 2019 upto 12th August, 2024, not liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby severally authorised to do all acts, deeds, matters and things which may be necessary to give effect to this resolution."

Registered Office:	**By Order of the Board**
208, T.V. Industrial Estate	**For SONATA SOFTWARE LIMITED**
2nd floor, S.K. Ahire Marg,	
Worli, Mumbai – 400 030	
	P Srikar Reddy
Date: 30th May, 2019	**Managing Director & CEO**
Place: Mumbai	**DIN: 00001401**

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a member of the Company**. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than 10 per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
2. Proxies, in order to be effective, must be duly filled, stamped and signed and must reach the Company's Registered Office not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of companies, societies etc. must be supported by an appropriate resolution/letter of authority, as may be applicable.
3. Since SEBI has made it mandatory for distributing dividends through Electronic Clearing Service (ECS), the Company will use 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.
4. The Register of Directors and Key Managerial Personnel and their shareholdings, maintained under Section 170 of the Companies Act, 2013 ("the Act") and the Register of Contracts or Arrangements in which the Directors are interested,

maintained under Section 189 of the Act, will be available for inspection by the members at the AGM.

5. 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 Agents Karvy Fintech Private Limited (Formerly Karvy Computershare Private Limited), Unit : Sonata Software Ltd, Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032. P:+9140- 67161591. Members holding shares in electronic form are requested to notify change in their address to their Depository Participant.

6. Since the Company's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders holding shares in physical form to dematerialize their shares at the earliest.

7. 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 agents, Karvy Fintech Private Limited , Unit : Sonata Software Ltd, Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032.

8. Members wishing to claim dividends, which remain unclaimed, are requested to correspond with the Company's Share Transfer Agents for further particulars. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 124 of the Companies Act, 2013, be transferred to the Investor Education and Protection Fund.

   Members may note that unclaimed Interim and Final Dividend for the Financial Year ended 2013 shall become due for transfer to IEPF on 12th December, 2019 and 4th September, 2020 respectively. Further if for the shares pertaining to these dividends, the dividend has not been claimed for last seven years, the shares would also be transferred to IEPF.

9. 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). Members holding shares in electronic form, may fill the nomination form with the respective Depository Participant.

10. The Members who have not registered their email addresses so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company electronically.

11. The Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts relating to the Special Business to be transacted at the Meeting is annexed hereto as **Annexure I.**

12. Electronic copy of the Annual Report for Financial Year 2018-19, the Notice of the 24th AGM and instructions for e-voting, along with attendance slip and proxy form are being sent to all the Members whose email IDs are registered with the Company/ Depository Participants for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode. Members may please note that Notice of 24th AGM and Annual Report will be available on the Company's website – www.sonata-software.com.

    The physical copies of the relevant documents referred in the Notice will also be available at the Company's Registered Office for inspection during normal business hours on working days up to the date of the AGM.

13. Members/proxies are requested to bring their attendance slips duly filled in and their copy of the Annual Report for the Meeting.

14. The Members who have not cast their vote through remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM venue. The detailed instructions for availing e-voting facility are provided in **Annexure II**.

15. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting, however those members are not entitled to cast their vote again in the Meeting.

16. Deloitte Haskins & Sells, LLP, Chartered Accountants, were appointed as Auditors from the conclusion of Twenty Second (22nd) Annual General Meeting (AGM) till conclusion of Twenty Seventh (27th) AGM, subject to ratification of their appointment at every Annual General Meeting by the members. However, the members may note that pursuant to the Companies (Amendment) Act, 2017 the requirement of ratification of the appointment of the Statutory Auditors in every Annual General Meeting has been dispensed with by the Act and therefore the Company is not seeking ratification.

17. Attendance Registration/Web Check-in:

    a. Members are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.

    b. Alternatively, to facilitate hassle free and quick registration/ entry at the venue of the AGM, the Company has provided a Web-Check in facility, which would help the shareholder enter the AGM hall without going through the registration formalities at the registration counters.

    c. The online registration facility will be available from 9.00 a.m. (IST) on Sunday, 4th August, 2019 upto 5.00 p.m. (IST) on Tuesday, 6th August, 2019 (i.e. during the e-voting period)

    The Procedure of Web Check-in is as follows:

    a. Log on to https://karisma.karvy.com and click on "Web Check-in for General Meetings (AGM/EGM/CCM)".

    b. Select the name of the company: Sonata Software Limited

    c. Pass through the security credentials viz., DP ID/Client ID/ Folio no. entry, PAN No & "CAPTCHA" as directed by the system and click on the submit button.

    d. The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.

    e. The attendance slip in PDF format will appear on the screen. Select the "PRINT" option for direct printing or download and save for printing.

    f. The Members are requested to carry their valid photo identity proof such as PAN card, Passport, AADHAR card or driving license along with the above printed attendance slip for verification purpose to enter AGM hall.

18. The Register of Members and the Share Transfer Books will remain closed from Thursday, 1st August, 2019 to Wednesday, 7th August, 2019 (both days inclusive) for the purpose of

payment of the final dividend for the Financial Year ended 31st March, 2019 and the AGM.

19. The final dividend on equity shares as recommended by the Board of Directors for the year ended 31st March 2019, 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 31st July, 2019, 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 31st July, 2019; 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 31st July, 2019.

20. In terms of Regulation 36 of the SEBI (LODR) Regulations 2015, A brief resume of Mr. Viren Raheja seeking re-appointment vide Ordinary Business No. 3 in the Notice is as follows:

    Mr. Viren Raheja (34) (DIN: 00037592) is a Promoter and Non-executive Director of the Company. He holds a Bachelor's degree in commerce from the Mumbai University. He has passed all 3 levels leading to the CFA charter and has a MBA degree from the London Business School. He is also a Director of several other companies, namely, Asianet Satellite Communications Ltd, Innovassynth Technologies (India) Ltd and Hathway Cable and Datacom Ltd etc. He is a member of the Nomination and Remuneration Committee of the Company. He is a Chairman of Finance Committee and member of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, Investment and Loan Committee, Administrative Cum Regulatory Committee, Business Responsibility Committee of Hathway Cable and Datacom Ltd. He is a member of Audit Committee and Nomination and Remuneration Committee of Asianet Satellite Communications Ltd.

    His shareholdings in the Company is 82,50,000 equity shares (7.85%).

ANNEXURE I TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO.4: Special Resolution

Mr. Pradip P Shah (DIN: 00066242), aged 66 years, was appointed as Non-Executive Independent Director of the Company under Sections 149 and 152 of the Companies Act, 2013 read with Schedule IV attached thereto and Rules made there under and pursuant to Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to hold office for five consecutive years commencing from 11th August, 2014 up to 10th August, 2019, not liable to retire by rotation.

He holds a Degree in Commerce and is an ACA, ACMA and MBA from Harvard University, USA. He assisted in founding Housing Development Finance Corporation (HDFC) in 1977 and was the founder Managing Director of The Credit Rating Information Services of India Limited (CRISIL), India's first and largest credit rating agency. In April 1998, he started IndAsia, a corporate finance and private equity advisory business.

Mr. Shah is Chairman and Non-Executive Independent Director of the Company. He is a member of Audit Committee and Corporate Social Responsibility Committee of the Company.

The Board based on performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given his background, experience, qualification and contribution, his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Shah as an Independent Director and the Board accordingly recommends the resolution to re-appoint Mr. Shah as an Independent Director for five consecutive years commencing from 11th August, 2019 upto 10th August, 2024. He fulfills the conditions specified in the Companies Act, 2013 and the Rules made there under.

The Company has received a declaration from him to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In terms of Regulation 25(8) of SEBI Listing Regulations, he has confirmed that he is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

In the opinion of the Board, he fulfills the conditions specified in the Act and SEBI Listing Regulations for appointment as an Independent Director and is independent of the management of the Company. The terms and conditions of his appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Mr. Pradip P Shah as an Independent Director is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends the Special Resolution at Item No. 4 of this Notice for approval of the Members.

Except Mr. Pradip P Shah none of the other Directors, Key Managerial Personnel of your Company and their relatives are in any way concerned or interested, financially or otherwise in the aforesaid resolution.

ITEM NO.5: Special Resolution

Ms. Radhika Rajan (DIN: 00499485), aged 63 years, was appointed as Non-Executive Independent Director of the Company under Sections 149 and 152 of the Companies Act, 2013 read with Schedule IV attached thereto and Rules made there under and pursuant to Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to hold office upto 12th August, 2019, not liable to retire by rotation.

She holds an MBA from IIM, Ahmedabad and an MSc (Physics) from IIT, Mumbai. A US Citizen, she has focused on India as an investment destination for one and a half decades. She heads DSP Investments, the umbrella company of the Kothari Family Office, which she joined after relocating to India in 2011.

Ms. Radhika Rajan brings along a rich investment advisory experience from her previous engagements with TCG Advisory, Mphasis, Chemical Bank, UBS, Bank of America and Bank of Montreal among others. An authority on proposed investments in the US-India corridor, Radhika's expertise spans currencies, cash, options, interest rate, commodity futures and derivatives.

Ms. Radhika Rajan is an invited author of 'The Global Internet Economy', a book published by MIT Press in 2003. A charter member of TIE, she has also served as an Executive Board Member of TIE Tristate for over five years.

Ms. Radhika Rajan is a Non-Executive Independent Director of the Company. She is a member of Audit Committee and Stakeholders Relationship Committee of the Company.

The Board based on performance evaluation and recommendation of Nomination and Remuneration Committee, considers that given her background, experience, qualification and contribution, her continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Ms. Radhika Rajan, as an Independent Director and accordingly the Board recommends the Resolution to re-appoint Ms. Radhika Rajan as an Independent Director for five consecutive years commencing from 13th August, 2019 upto 12th August, 2024. She fulfils the conditions specified in the Companies Act, 2013 and the Rules made there under.

The Company has received a declaration from her to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act and Rules framed thereunder and Regulation 16(1) (b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"). In terms of Regulation 25(8) of SEBI Listing Regulations, she has confirmed that she is not aware of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact his ability to discharge his duties.

In the opinion of the Board, she fulfills the conditions specified in the Act and SEBI Listing Regulations for appointment as an Independent Director and is independent of the management of the Company. The terms and conditions of her appointment shall be open for inspection by the Members at the Registered Office of the Company during the normal business hours on any working day (except Saturday) and will also be kept open at the venue of the AGM till the conclusion of the AGM.

In compliance with the provisions of Section 149 read with Schedule IV to the Act and Regulation 17 of SEBI Listing Regulations and other applicable Regulations, the re-appointment of Ms. Radhika Rajan as Independent Director is now being placed before the Members for their approval by way of Special Resolution.

The Board recommends the Special Resolution at Item No. 5 of this Notice for approval of the Members

Except Ms. Radhika Rajan, none of the other Directors, Key Managerial Personnel of your Company and their relatives are in any way concerned or interested, financially or otherwise in the aforesaid resolution.

Information pursuant to Regulation 36(3) of SEBI Listing regulations 2015 is as below

Name of the Director	Mr. Pradip P Shah	Ms. Radhika Rajan
Date of Birth	January 7, 1953	April 23, 1956
Category	Independent Director	Independent Director
DIN	00066242	00499485
Date of Appointment	July 14, 1998	August 12, 2014
Nature of expertise in specific functional areas	Financial services sector	Investment advisory
Disclosure of relationship with Directors inter-se	None	None
Directorships held in other Public Companies	1) Kansai Nerolac Paints Limited, 2) Pfizer Limited, 3) KSB Limited, 4) BASF India Limited, 5) TATA Investment Corporation Limited, 6) Godrej And Boyce Manufacturing Company Limited, 7) Kancor Ingredients Limited. 8) Bajaj Auto Limited (w.e.f. 1st April, 2019)	1) 3M India Limited, 2) Sonata Information Technology Limited.

Membership of Committees in other Public Companies, if any	**Audit Committee** • BASF India Limited • Kansai Nerolac Paints Limited • Kancor Ingredients Limited • KSB Limited • Pfizer Limited • Tata Investment Corporation Limited **Nomination and Remuneration Committee** • BASF India Limited • Kansai Nerolac Paints Limited • Kancor Ingredients Limited • KSB Limited • Pfizer Limited **Corporate Social Responsibility Committee** • Godrej And Boyce Manufacturing Company limited • Pfizer Limited **Risk Management Committee** • KSB Limited **Investment Committee** • Tata Investment Corporation Limited	**Audit Committee** • Sonata Information Technology Limited • 3M India Limited **Nomination and Remuneration Committee** • Sonata Information Technology Limited **Stakeholders Relationship Committee** • 3M India Limited **Corporate Social Responsibility Committee** • Sonata Information Technology Limited

ANNEXURE II TO THE NOTICE

Instructions and other information relating to remote e-voting

In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Fintech Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

The Company has appointed Mr. Parameshwar G Bhat, Practising Company Secretary (COP:11004) as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The e-voting rights of the shareholders/beneficiary owners shall be reckoned on the equity shares held by them as on Wednesday 31st July, 2019 being the Cut-off date for the purpose. Shareholders of the Company holding shares either in physical or in dematerialized form, as on the Cut-off date, may cast their vote electronically.

The instructions for E-Voting are as under:

1. A. **In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:**

   a) Launch internet browser by typing the URL: https://evoting.karvy.com

   b) Enter the login credentials (i.e. User ID and password mentioned in the email). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

   c) After entering these details appropriately, click on "LOGIN".

   d) If you are logging in for the first time, you will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

   e) You need to login again with the new credentials.

   f) On successful login, the system will prompt you to select the e-voting Event Number for Sonata Software Limited.

   g) On the voting page enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.

   h) Members holding shares under multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.

   i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.

j) You may then cast your vote by selecting an appropriate option and click on "Submit".

k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

l) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email: parameshwar@vjkt.in. The scanned image of the above mentioned documents should be in the naming format "Corporate NameEvent No."

B. In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

a) Launch internet browser by typing the URL: https://evoting.karvy.com.

b) Enter the login credentials (i.e. User ID and password mentioned in the electronic voting form)

c) Please follow all steps from Sl. No. (c) to (l) above to cast your vote by electronic means.

2. The Portal will remain open for voting from: 09.00 a.m. (IST) on Sunday, 4th August, 2019 upto 5.00 p.m. (IST) on Tuesday, 6th August, 2019.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of https://evoting.karvy.com or contact Mr. Anandan K of Karvy Fintech Pvt Ltd at 040- 6716 1591 or at 1800 345 4001 (toll free).

4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

5. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 31st July, 2019, he/she may obtain the User ID and Password in the manner as mentioned below :

i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD<space> E-Voting Event Number + Folio No. or DP ID Client ID to 9212993399

Example for NSDL:
MYEPWD <SPACE> IN12345612345678

Example for CDSL:
MYEPWD <SPACE> 1402345612345678

Example for Physical:
MYEPWD <SPACE> XXXX1234567890

ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

iii. Member may call Karvy's toll free number 1800-3454-001.

iv. Member may send an e-mail request to evoting@karvy.com.

6. The Scrutinizers decision on validity of the votes shall be final and binding.

7. The Scrutinizer after scrutinising the votes cast through remote e-voting and poll at the meeting, not later than 48 hours from the conclusion of the AGM, shall make a scrutinizer's report and submit the same to the Chairman or any authorised person who shall countersign the same.

8. The results of the resolutions will be announced by the Company on its website www.sonata-software.com and on the website of Karvy https://evoting.karvy.com. The results shall also be informed to the Stock Exchanges.

Registered Office:
208, T.V. Industrial Estate
2nd floor, S.K. Ahire Marg,
Worli Mumbai – 400 030

By Order of the Board
For SONATA SOFTWARE LTD

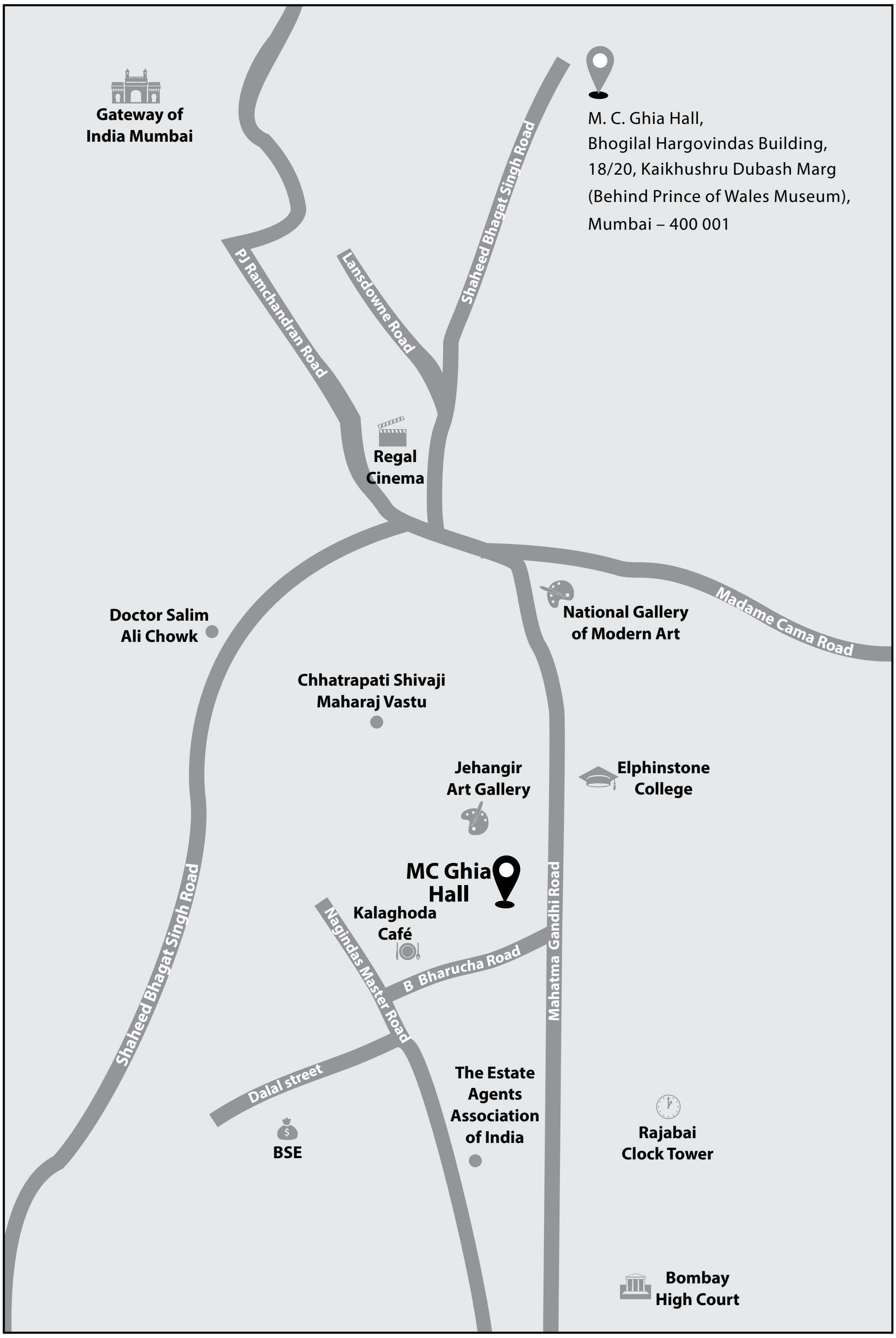
P. Srikar Reddy
Managing Director & CEO
DIN: 00001401

Date: 30th May, 2019
Place: Mumbai

SONATA

SONATA SOFTWARE

Route Map to the venue of the AGM



Not to scale

SONATA SOFTWARE LIMITED

(CIN No.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 – 560 019
Tel.: +91-80-67781999 • Fax: +91-80-2661 0972 • Email id: info@sonata-software.com • Website: www.sonata-software.com

ATTENDANCE SLIP

Reg. Folio No. / DP ID No. / Client ID No. : ___________________________

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company on 7th day of August, 2019 at 4.00 p.m. IST at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001

……………………………………………………………… ……………………………………………………

Member's / Proxy's name in Block Letters **Member's / Proxy's Signature**

Note: Please fill up this attendance slip and hand it over at the entrance of the Meeting hall.

SONATA SOFTWARE LIMITED

(CIN No.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 – 560 019
Tel: +91-80-67781999 • Fax: +91-80-2661 0972 • Email id: info@sonata-software.com • Website: www.sonata-software.com

FORM NO. MGT-11

PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014

Name of the Member (s)	
Registered address	
E-mail Id	
Folio No./Client Id	
DP ID	

I/We, being the member(s) of …......................... shares of the above named company, hereby appoint

1	Name	
	Address	
	Email ID	
	Signature	
	Or failing him/her	
2	Name	
	Address	
	Email ID	
	Signature	
	Or failing him/her	
3	Name	
	Address	
	Email ID	
	Signature	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty-Fourth Annual General Meeting of the Company, to be held on the 7th August, 2019 at 4.00 p.m. IST at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional		
Ordinary Business		**For**	**Against**	**Abstain**
1.	Adoption of Financial Statements for the Financial Year 2018-19 (Including the consolidated Financial Statements).			
2.	Confirmation of the payment of Interim Dividend of ₹ 4.75 per equity share (i.e. 475%) already paid and declare Final Dividend of ₹ 8.00/- per equity share (i.e. 800 %) for the Financial Year 2018-19.			
3.	Appointment of a Director in place of Mr. Viren Raheja (DIN: 00037592), who retires by rotation and being eligible, offers himself for re-appointment.			
Special Business				
4.	Special Resolution for appointment of Mr. Pradip P Shah as an Independent Director			
5.	Special Resolution for appointment of Ms. Radhika Rajan as an Independent Director			

Signed this………..… day of………… 2019

Signature of shareholder: …………………………….

Signature of Proxy holder(s): ………………………………

Affix Revenue Stamp ₹ 1

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Annual General Meeting.

Notes

Notes

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SONATA SOFTWARE

Printed at: Quarterfold Printabilities

info@sonata-software.com
www.sonata-software.com