

**SONATA INFORMATION TECHNOLOGY LIMITED**  
**Balance Sheet**

₹ in Lakhs

	Note	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	115	129
Right-of-use assets	33	742	298
Financial assets			
Other financial assets	4	1,944	2,433
Deferred tax assets (net)	16B	2,873	2,736
Income tax assets (net)	16A	9,326	6,186
Other non-current assets	5	226	224
<b>Total non-current assets</b>		<b>15,226</b>	<b>12,006</b>
<b>Current assets</b>			
Inventories	6	9,801	2,882
Financial assets	7		
Investments	7.1	13,853	13,905
Trade receivables	7.2	104,765	81,501
Cash and cash equivalents	7.3	10,354	13,724
Bank balances other than above	7.4	14,191	16,854
Other financial assets	7.5	3,006	605
Other current assets	8	884	2,902
<b>Total current assets</b>		<b>156,854</b>	<b>132,373</b>
<b>Total assets</b>		<b>172,080</b>	<b>144,379</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	9	338	338
Other equity	10	27,010	28,988
<b>Total equity</b>		<b>27,348</b>	<b>29,326</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities	11		
Lease liabilities	11.1	557	255
Other financial liabilities	11.2	921	578
<b>Total non-current liabilities</b>		<b>1,478</b>	<b>833</b>
<b>Current liabilities</b>			
Financial liabilities	12		
Borrowings	12.1	4,876	2,961
Lease liabilities	12.2	248	148
Trade payables	12.3		
Total outstanding dues of micro enterprises and small enterprises		218	1
Total outstanding dues of creditors other than micro enterprises and small enterprises		121,715	106,297
Other financial liabilities	12.4	948	942
Other current liabilities	13	14,514	3,321
Provisions	14	77	80
Current tax liabilities (net)	15	658	470
<b>Total current liabilities</b>		<b>143,254</b>	<b>114,220</b>
<b>Total equity and liabilities</b>		<b>172,080</b>	<b>144,379</b>

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors  
of Sonata Information Technology Limited

Amrit Bhansali  
Partner  
Membership No. 065155

Sujit Mohanty  
Managing Director  
& CEO

Samir Dhir  
Director

Place : Mumbai  
Date : May 07, 2024

Place : Mumbai  
Date : May 07, 2024

Place : Mumbai  
Date : May 07, 2024

**SONATA INFORMATION TECHNOLOGY LIMITED**  
**Statement of Profit and Loss**

₹ in Lakhs

	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations	17.1	595,054	554,039
Other income	17.2	6,424	4,169
<b>Total income</b>		<b>601,478</b>	<b>558,208</b>
<b>EXPENSES</b>			
Purchase of stock-in-trade (traded goods)	18.1	575,330	533,645
Changes in inventories of stock-in-trade	18.2	(6,919)	(2,606)
Employee benefits expense	19	6,195	5,469
Finance costs	20	673	611
Depreciation and amortization expense	3 & 33	234	181
Other expenses	21	4,040	2,016
<b>Total expenses</b>		<b>579,553</b>	<b>539,316</b>
<b>Profit before tax</b>		<b>21,925</b>	<b>18,892</b>
<b>Tax expense</b>			
Current tax	16A	5,790	5,336
Deferred tax	16B	(199)	(568)
<b>Net tax expense</b>		<b>5,591</b>	<b>4,768</b>
<b>Profit for the year</b>		<b>16,334</b>	<b>14,124</b>
<b>Other comprehensive income</b>			
1. Items that will not be reclassified to profit/(loss)			
(a) Remeasurement of the defined benefit plans		(98)	(168)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		25	42
		<b>(73)</b>	<b>(126)</b>
2. Items that will be reclassified to profit/(loss)			
(a) Fair value changes on derivatives designated as cash flow hedge, net		349	(2,402)
(b) Income tax relating to items that will be reclassified to profit/(loss)		(88)	607
		<b>261</b>	<b>(1,795)</b>
<b>Total other comprehensive income for the year, net of tax</b>		<b>188</b>	<b>(1,921)</b>
<b>Total comprehensive income for the year</b>		<b>16,522</b>	<b>12,203</b>
Earnings per share - (on ₹ 10 per share)			
Basic and Diluted ₹	30	483.91	417.87

**The accompanying notes form an integral part of the financial statements**

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Chartered Accountants

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**For and on behalf of the Board of Directors  
of Sonata Information Technology Limited**

**Amrit Bhansali**

Partner

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**Sujit Mohanty**

Managing Director

& CEO

**Samir Dhir**

Director

Place : Mumbai

Date : May 07, 2024

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**SONATA INFORMATION TECHNOLOGY LIMITED**  
**Statement of changes in equity**

**(a) Equity share capital**

₹ in Lakhs

Particulars (Refer note 9)	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	338	338
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	338	338
Changes in equity share capital during the year	-	-
Balance at the end of the year	338	338

**(b) Other equity**

₹ in Lakhs

Particulars	Reserves and Surplus				Effective portion of cash flow hedges (Refer note 10)	Total other equity
	Capital redemption reserve	General reserve	Retained earnings	Remeasurement of the defined benefit plans		
Balance as at April 1, 2022	262	450	27,169	(129)	1,542	29,294
Profit for the year			14,124			14,124
Other comprehensive income (net of tax)				(126)	(1,795)	(1,921)
Total comprehensive income for the year	-	-	14,124	(126)	(1,795)	12,203
Transactions with owners of the company						
Contributions and distributions						
Payment of cash dividends			(12,509)			(12,509)
Balance as at March 31, 2023	262	450	28,784	(255)	(253)	28,988
Balance as at April 1, 2023	262	450	28,784	(255)	(253)	28,988
Profit for the year			16,334			16,334
Other comprehensive income (net of tax)				(73)	261	188
Total comprehensive income for the year	-	-	16,334	(73)	261	16,522
Transactions with owners of the company						
Contributions and distributions						
Payment of cash dividends			(18,500)			(18,500)
Balance as at March 31, 2024	262	450	26,618	(328)	8	27,010

Refer note 10 for the nature and purpose of reserves

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

**For B S R & Co. LLP**  
Chartered Accountants  
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**For and on behalf of the Board of Directors  
of Sonata Information Technology Limited**

**Amrit Bhansali**  
Partner  
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**Sujit Mohanty**  
Managing Director  
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**Samir Dhir**  
Director

Place : Mumbai  
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	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Profit before tax</b>	<b>21,925</b>	<b>18,892</b>
Adjustments for :		
Depreciation and amortization expense	234	181
Finance costs	673	611
Impairment loss/(gain) recognised on trade receivable	1,857	(253)
Provisions/ liabilities no longer required written back	(3,181)	(143)
Interest income	(1,862)	(1,353)
Net (gain) / loss on sale of fixed assets / scrapped	1	-
Net gain on investments carried at fair value through profit and loss	(770)	(798)
Unrealized foreign exchange (gain) / loss	(178)	(1,050)
Gain on termination of lease	(56)	-
<b>Operating profit before working capital changes</b>	<b>18,643</b>	<b>16,087</b>
<i>Changes in operating assets and liabilities:</i>		
Increase in trade receivables and unbilled revenue	(24,874)	(15,556)
Increase in inventories	(6,918)	(2,606)
Increase in other financial assets non-current	(49)	(405)
(Increase)/decrease in other financial assets	(2,618)	23
Increase in other non-current assets	(1)	-
Decrease/(increase) in other current assets	2,018	(2,072)
Increase in trade payables	18,699	20,172
Increase in other non-current financial liabilities	301	578
Increase in other financial liabilities	98	196
Increase/(decrease) in other current liabilities	11,094	(678)
Decrease in provisions	(3)	(17)
<b>Net cash flow from operating activities before taxes:</b>	<b>16,390</b>	<b>15,722</b>
Income taxes paid	(8,689)	(7,731)
<b>Net cash flow from / (used in) operating activities</b>	<b>(A) 7,701</b>	<b>7,991</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment including capital work-in-progress and capital advances	(40)	(107)
Purchase of investments	(429,726)	(434,398)
Proceeds from sale of investments	434,881	427,495
Purchase of bonds	(4,295)	-
Inter corporate borrowings given	(250)	-
Inter corporate borrowings recovered	250	-
Investment in bank deposits	3,642	(15,774)
Interest received	1,780	1,705
<b>Net cash flow from / (used in) investing activities</b>	<b>(B) 6,242</b>	<b>(21,079)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	9,753	13,683
Repayment of short-term borrowings	(7,838)	(11,196)
Inter corporate borrowings taken	19,870	9,410
Inter corporate borrowings repaid	(19,870)	(9,410)
Payment on lease liabilities	(218)	(198)
Payment of dividend	(18,500)	(12,509)
Interest paid	(572)	(563)
<b>Net cash flow from / (used in) financing activities</b>	<b>(C) (17,375)</b>	<b>(10,783)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(A+B+C) (3,432)</b>	<b>(23,871)</b>
Opening cash and cash equivalents	13,724	37,874
Exchange difference on translation of foreign currency cash and cash equivalents	62	(279)
<b>Closing cash and cash equivalents</b>	<b>10,354</b>	<b>13,724</b>
Cash and cash equivalents at the end of the year comprises:		
Balances with banks		
In Current accounts	961	1,511
In EEFC accounts	846	817
In Demand deposit accounts	8,547	11,396
	<b>10,354</b>	<b>13,724</b>

Refer note 33 for changes in lease liabilities arising from financing activities and for non-cash financing activities

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors  
of Sonata Information Technology Limited

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Director

Place : Mumbai  
Date : May 07, 2024

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## SONATA INFORMATION TECHNOLOGY LIMITED

### Notes to the financial statements for the year ended March 31, 2024

#### 1 COMPANY OVERVIEW

Sonata Information Technology Limited ("SITL" or the "Company") is a Company primarily engaged in the business of providing Information Technology Solutions, software development services and re-selling products of companies such as Microsoft, IBM and Oracle etc. to its customers in India and the Asia Pacific region.

The Company is a public limited company incorporated and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. SITL is a wholly owned subsidiary of Sonata Software Limited. The financial statements have been approved for issue by the Company's Board of Directors on May 07, 2024.

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

#### 2 MATERIAL ACCOUNTING POLICIES

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

###### a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

###### b. Basis of measurement

The financial statements have been prepared on a historical cost convention, on a going concern and on an accrual basis, except for certain financial instruments which are measured at fair values or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for sharebased payment transactions that are within the scope of Ind AS 102 Share-based Payments, leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as 'value in use', in Ind AS 36 Impairment of assets.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is twelve months.

###### Current/ Non-current classification:

The Company classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- it expects to settle the liability in its normal operating cycle;;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

###### c. Functional and presentation currency

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

All amounts are rounded off to the nearest Rupees in Lakhs except per share data and unless otherwise indicated. Transactions and balances with value below rounding off norm adopted by the Company have been reflected as '-' in relevant notes to the financial statements (as applicable).

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

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

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

**i) 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.

**ii) Expected credit losses on financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. The policy for the same has been explained under note 2.2(o)

**iii) Contingent liabilities**

Refer note 2.2 (q)

**iv) Other estimates**

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

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

**2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES**

**a. Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use.

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

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

**b. Capital work-in-progress**

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

**c. Inventories**

Inventories are measured at the lower of cost and the net realizable value. Adjustments to reduce the cost of inventory to its realisable value, if required, are made at the product level. Factors influencing these adjustments include changes in demand, rapid technological changes, product life cycle, product pricing, and other issues. Revisions to these adjustments would be required if these factors differ from the estimates.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

**SONATA INFORMATION TECHNOLOGY LIMITED****Notes to the financial statements for the year ended March 31, 2024****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 and office equipments on the written down method, as per the useful life prescribed in Schedule II of the Companies Act, 2013.

**Straight-line method**

<b>Asset class</b>	<b>Useful life</b>
Buildings	60 years
Plant and machinery (Hardware)	3 years
Plant and machinery (Others)	15 years
Lease hold land	lease term
Lease hold improvements	lease term

**Written down method**

<b>Asset class</b>	<b>Depreciation rate</b>
Furniture and fixtures	25.88%
Office equipments	45.07%

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

**e. Financial instruments**

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

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

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

## **SONATA INFORMATION TECHNOLOGY LIMITED**

### **Notes to the financial statements for the year ended March 31, 2024**

#### ***Non-derivative financial assets***

##### **i. Financial assets at amortised cost**

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

- (a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

##### **ii. Financial assets at fair value through other comprehensive income (FVTOCI)**

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

##### **iii. Financial assets at fair value through profit and loss (FVTPL) -**

Financial assets which is not classified in any of the above category is measured at FVTPL. These include surplus funds invested in mutual funds etc.

Financial assets included within the FVTPL category are measured at fair values at each reporting date 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.

The Company participates in a vendor financing arrangement ("arrangement") under which its vendors may elect to receive early payment of their invoice from a bank by factoring their receivable from the Company. Under the arrangement, a bank agrees to pay amounts to a participating vendor in respect of invoices owed by the Company and receives settlement from the Company at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and enable the willing vendors to sell their receivables due from the Company to a bank before their due date. The Company has derecognised the original liabilities to which the arrangement applies because there is a legal release obtained under the arrangement and the original liability was substantially modified on entering into the arrangement (i.e. extended payment terms beyond the normal terms agreed with other suppliers that are not participating). The Company therefore discloses the amounts factored by vendors as borrowings because the nature and function of the financial liability is substantially different as compared to other trade payables.

#### **Derivative financial instruments and hedging activities**

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

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

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion of changes in the fair value of the derivative is recognised in the statement of profit and loss.

Amounts accumulated in hedging reserve are reclassified to the statement of profit and loss in the periods when the hedged item affects the statement of profit and loss.

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

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in statement of changes in equity is recognised in the statement of profit and loss.

#### **Offsetting financial instruments**

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

#### **Derecognition of financial instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

#### **Fair value measurement**

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

- i) Level 1 - The fair value of financial instruments quoted in active markets is based on their quoted closing price at the Balance Sheet date.
- ii) Level 2 - The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.
- iii) Level 3 - The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs). When the fair value of unquoted instruments cannot be measured with sufficient reliability, the Company carries such instruments at cost less impairment, if applicable.

**f. Leases**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the a) contract involves the use of identified asset; b) Company has right to direct the use of the asset; c) the Company has substantially all the economic benefits from the use of asset through period of lease.

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

## SONATA INFORMATION TECHNOLOGY LIMITED

### Notes to the financial statements for the year ended March 31, 2024

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

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

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than ₹ 500,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

#### g. Employee benefits

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

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

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

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

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

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

#### Short-term employee benefits

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

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

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

#### Long-term employee benefits

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

The obligations of compensated absences are presented as current liabilities in the balance sheet of the Company as the Company does not have an unconditional right to defer this settlement for at least 12 months from reporting date.

## SONATA INFORMATION TECHNOLOGY LIMITED

### Notes to the financial statements for the year ended March 31, 2024

#### 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.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

#### 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.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### k. Revenue recognition

The Company derives revenue primarily from sale of software / hardware licenses and products, Information Technology Services and Solutions. The Company recognizes revenue when it transfers control over a product or a service to a customer.

## **SONATA INFORMATION TECHNOLOGY LIMITED**

### **Notes to the financial statements for the year ended March 31, 2024**

The method for recognizing revenues and costs depends on the nature of the services rendered.

#### **a) Software / hardware products and licenses**

Revenues from sale of product and licenses are recognised at the point in time when the license is delivered to the customer, simultaneously with the transfer of control. 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. 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.

#### **c) Maintenance contracts**

Revenue from fixed price maintenance contracts is recognised based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If invoicing is not consistent with value delivered, revenue is recognized as the services are performed. When services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the manner in which services are performed.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and pricing incentives, if any, as specified in the contract with the customer. Sales tax / Value Added Tax (VAT) / Goods and Services Tax ('GST') is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity / service rendered by the seller on behalf of the Government. Accordingly, it is excluded from revenues.

#### **Contract assets and contract liabilities**

Contract asset represent cost and earnings in excess of billings as at the end of the reporting period. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liabilities(Unearned revenues) represent billing in excess of revenue recognized.

#### **I. Dividend**

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



## SONATA INFORMATION TECHNOLOGY LIMITED

### Notes to the financial statements for the year ended March 31, 2024

#### 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.

For the purposes of presenting the financial statements assets and liabilities of Company'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. Exchange differences arising, if any, are recognized in other comprehensive income and held in foreign currency translation reserve ('FCTR'), a component of equity. When a foreign operation is disposed off, the relevant amount recognized in FCTR is transferred to the statement of profit or loss as part of the profit or loss on disposal.

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 rate method.

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

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

#### o. Impairment

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

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

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

For financial guarantee contracts held by the Company that is not an integral element of another financial instrument, the Company accounts for such a financial guarantee contract as a prepayment of the guarantee premium and a compensation right asset. Further, the Company recognizes a compensation right when it recognizes the related allowance for expected credit losses, where it is certain that the compensation will be received if the credit loss is actually suffered. The Company has presented the compensation right asset in the Statement of Profit and Loss in the same line item as allowance for expected credit loss.

## **SONATA INFORMATION TECHNOLOGY LIMITED**

### **Notes to the financial statements for the year ended March 31, 2024**

#### **b) Non-financial assets**

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

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

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

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

#### **p. Earnings per share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity shareholders 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 shareholders 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 non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

#### **r. Contingent assets**

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

#### **s. Events after the reporting period**

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

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

### **2.3 Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**
**3 . Property, plant and equipment**

₹ in Lakhs

<b>Tangible assets</b>					
<b>Particulars</b>	<b>Leasehold improvements</b>	<b>Plant and equipment</b>	<b>Office equipments</b>	<b>Furniture and fixtures</b>	<b>Total</b>
<b>Cost</b>					
<b>As at April 1, 2022</b>	<b>112</b>	<b>207</b>	<b>32</b>	<b>22</b>	<b>373</b>
Additions	-	90	3	14	107
Disposal / Write off	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>112</b>	<b>297</b>	<b>35</b>	<b>36</b>	<b>480</b>
<b>As at April 1, 2023</b>	<b>112</b>	<b>297</b>	<b>35</b>	<b>36</b>	<b>480</b>
Additions	-	40	-	-	40
Disposal / Write off	-	(25)	-	-	(25)
<b>As at March 31, 2024</b>	<b>112</b>	<b>312</b>	<b>35</b>	<b>36</b>	<b>495</b>
<b>Accumulated depreciation</b>					
<b>As at April 1, 2022</b>	108	162	29	18	317
Depreciation charge during the year	3	28	1	2	34
Depreciation on disposals / write off	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>111</b>	<b>190</b>	<b>30</b>	<b>20</b>	<b>351</b>
<b>As at April 1, 2023</b>	111	190	30	20	351
Depreciation charge during the year	1	46	1	4	52
Depreciation on disposals / write off	-	(23)	-	-	(23)
<b>As at March 31, 2024</b>	<b>112</b>	<b>213</b>	<b>31</b>	<b>24</b>	<b>380</b>
<b>Net carrying value</b>					
<b>As at March 31, 2024</b>	-	99	4	12	115
<b>As at March 31, 2023</b>	1	107	5	16	129

The breakup for depreciation is given below:

₹ in Lakhs

<b>Particulars</b>	<b>For the year ended March 31, 2024</b>	<b>For the year ended March 31, 2023</b>
Depreciation of property, plant and equipment	52	34
Depreciation of right on use assets (refer note 33)	182	147
<b>Total</b>	<b>234</b>	<b>181</b>

**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

₹ in Lakhs

	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
<b>4. Other financial assets (Carried at amortised cost, unless otherwise stated)</b>		
Unsecured, considered good		
Balance held as margin money*	1,813	2,342
Security deposits	131	91
<b>Total</b>	<b>1,944</b>	<b>2,433</b>

\* Held as margin money by bank against bank guarantees

**5. Other non-current assets**

Unsecured, considered good		
Other deposits	3	3
Balances with government authorities		
Receivable from customs authority	219	219
Receivable from GST authority	3	2
Other recoverables	1	-
<b>Total</b>	<b>226</b>	<b>224</b>

**Current**
**6. Inventories**

Stock-in-trade - Hardware/Software products and licenses	9,801	2,882
<b>Total</b>	<b>9,801</b>	<b>2,882</b>

**7.1. Investments**
**Investments carried at fair value through profit and loss:**
**Investments in mutual funds (Quoted)**

	As at March 31, 2024		As at March 31, 2023	
	No of Units	₹ in Lakhs	No of Units	₹ in Lakhs
Aditya Birla Sunlife Liquid Fund - Growth Direct Plan	642,401	2,503	800,272	2,906
Axis Overnight Fund Direct Growth	237,722	3,011	-	-
Axis Liquid Fund - Direct Plan - Growth Option	-	-	105,254	2,632
HSBC Cash Fund -Growth Direct	-	-	67,075	1,504
UTI Liquid Fund Direct Growth	-	-	32,747	1,208
SBI Liquid Fund	52,991	2,003	25,849	911
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option	-	-	18,404	1,014
Mirae Asset Cash Management Fund - Direct Plan - Growth	-	-	59,221	1,407
ICICI Prudential Liquid Fund - Direct Growth	-	-	697,253	2,323
Edelweiss Liquid fund	64,221	2,003	-	-

**Investments carried at amoritsed cost:**
**Investments in bonds (Quoted)**

8.6179% Cholamandalam Investment & Finance bonds (400 bonds of ₹ 10,00,000 each)	400	4,333	-	-
<b>Total</b>		<b>13,853</b>		<b>13,905</b>

Aggregate amount of quoted investments	13,853	13,905
Aggregate market value of quoted investments	13,853	13,905

Investments carried at fair value through profit or loss	9,520	13,905
Investments carried at amorised cost	4,333	-

**7.2. Trade receivables (Carried at amortised cost, unless otherwise stated)**

Unsecured *		
Billed		
Considered good	93,541	77,278
Trade receivables - credit impaired	2,755	843
	96,296	78,121
Less : Allowance for credit losses	2,755	843
	<b>93,541</b>	<b>77,278</b>
Unbilled	11,224	4,223
	<b>104,765</b>	<b>81,501</b>

\* No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member, except from Quant Cloud Solutions Private Limited as disclosed in note 32.

Information about the Company's exposure to credit, liquidity and market risks, and impairment losses for trade receivables are included in note 25.

As at  
March 31, 2024    As at  
March 31, 2023

**Trade receivable ageing schedule**

Particulars	Outstanding for the following period from due date of payments						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2024</b>							
Undisputed trade receivables - considered good	79,816	12,342	1,132	251	-	-	93,541
Undisputed Trade receivables - credit impaired	608	902	740	333	172	-	2,755
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Less : Allowance for credit losses	(608)	(902)	(740)	(333)	(172)	-	(2,755)
Unbilled	11,224	-	-	-	-	-	11,224
<b>Total</b>	<b>91,040</b>	<b>12,342</b>	<b>1,132</b>	<b>251</b>	<b>-</b>	<b>-</b>	<b>104,765</b>
<b>As at March 31, 2023</b>							
Undisputed trade receivables - considered good	64,539	11,034	766	1,782	-	-	78,121
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Less : Allowance for credit losses	-	(9)	(465)	(369)	-	-	(843)
Unbilled	4,223	-	-	-	-	-	4,223
<b>Total</b>	<b>68,762</b>	<b>11,025</b>	<b>301</b>	<b>1,413</b>	<b>-</b>	<b>-</b>	<b>81,501</b>

**7.3. Cash and cash equivalents**

Balances with banks		
In current accounts	961	1,511
In EEFC accounts	846	817
In deposit accounts with original maturity of less than 3 months*	8,547	11,396
<b>Total</b>	<b>10,354</b>	<b>13,724</b>

\* The deposits maintained by the Company with banks comprises time deposits, which can be withdrawn by the Company at any point without prior notice or penalty on the principal.

**7.4. Bank balances other than above**

Bank deposits with original maturity of more than three months but less than 12 months	13,957	16,746
In earmarked accounts		
Balance held as margin money*	234	108
<b>Total</b>	<b>14,191</b>	<b>16,854</b>

\* Held as margin money by bank against bank guarantees

**7.5. Other financial assets (Carried at amortised cost, unless otherwise stated)**

Unsecured, considered good		
Interest accrued but not due on fixed deposits/margin money	-	461
Advances recoverable from related party (Refer note 32)	107	20
Compensation right asset	2,517	-
Fair value of forward contracts (Refer note 24 & 25)	368	124
Other assets	14	-
<b>Total</b>	<b>3,006</b>	<b>605</b>

Information about the Company's exposure to credit, liquidity and market risks for other financial assets are included in note 25

**8. Other current assets**

Unsecured, considered good		
Other deposits	123	91
Advances to employees	5	6
Prepaid expenses	81	86
Balances with government authorities		
VAT credit receivable	40	40
GST credit receivable	299	1,824
Other recoverables	336	855
<b>Total</b>	<b>884</b>	<b>2,902</b>

**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

₹ in Lakhs

	As at March 31, 2024	As at March 31, 2023
<b>9. Equity share capital</b>		
<b>Authorized</b>		
10,000,000 equity shares of ₹ 10/- each	<b>1,000</b>	<b>1,000</b>
(As at March 31, 2023 - 10,000,000 equity shares of ₹ 10/- each)		
<b>Issued</b>		
6,000,700 equity shares of ₹ 10/- each	<b>600</b>	<b>600</b>
(As at March 31, 2023 - 6,000,700 equity shares of ₹ 10/- each)		
<b>Subscribed and paid-up</b>		
3,375,394 equity shares of ₹ 10/- each	338	338
(As at March 31, 2023 - 3,375,394 equity shares of ₹ 10/- each)		
<b>Total</b>	<b>338</b>	<b>338</b>
Refer note (i) to (vii) below		

**Notes :**
**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

Add: Shares issued during the year

Number of shares outstanding at the end of the year

As at March 31, 2024		As at March 31, 2023	
No of shares	₹ in Lakhs	No of shares	₹ in Lakhs
3,375,394	338	3,375,394	338
-	-	-	-
<b>3,375,394</b>	<b>338</b>	<b>3,375,394</b>	<b>338</b>

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

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

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

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

**iii) Details of shares held by Holding Company**

Equity shares with voting rights

Sonata Software Limited (Holding Company) and its nominees

% of holding

 3,375,394  
100%

**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

% of holding

 3,375,394  
100%

**v) Details of shares held by each promoter**

Sonata Software Limited (Holding Company) and its nominees

No. of shares held

% of holding

 3,375,394  
100%

**vi) Distributions of dividend**

During the year ended March 31, 2024, on account of final dividend for fiscal 2023 the Company has incurred a net cash outflow of ₹ 10,000 lakhs and interim dividend of ₹ 8,500 lakhs for fiscal 2024 (During the year ended March 31, 2023, on account of final dividend for fiscal 2022 the Company has incurred a net cash outflow of ₹ 5,709 lakhs and interim dividend of ₹ 6,800 lakhs for fiscal 2023)

**vii) Equity shares movement during the 5 years preceeding March 31, 2024**

No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the reporting date. No shares are reserved for issue under contract or commitment for sale or disinvestment.

**10. Other equity**
**Capital redemption reserve**

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.

262

**General reserve**

This represents appropriation of profit by the company.

450

₹ in Lakhs

	As at March 31, 2024	As at March 31, 2023
<b>Retained earnings</b>		
Opening balance	28,784	27,169
Profit for the year	16,334	14,124
Less :		
Dividend	18,500	12,509
<b>Closing balance</b>	<b>26,618</b>	<b>28,784</b>
Retained earning comprises of the amounts that can be distributed as dividends to its equity share holders.		
		(1)
<b>Remeasurement of the defined benefit plans</b>		
Opening balance	(255)	(129)
For the year, (net of tax)	(73)	(126)
<b>Closing balance</b>	<b>(328)</b>	<b>(255)</b>
The remeasurement of (loss) / gain on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss recognised in other comprehensive income.		
<b>Effective portion of cash flow hedges</b>		
Opening balance	(253)	1,542
Exchange differences on cash flow hedges (net of tax)	261	(1,795)
<b>Closing balance</b>	<b>8</b>	<b>(253)</b>
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.		
<b>Total</b>	<b>27,010</b>	<b>28,988</b>
<b>11.1. Lease liabilities</b>		
Lease liabilities (Refer note 33)	557	255
<b>Total</b>	<b>557</b>	<b>255</b>
<b>11.2. Other financial liabilities</b>		
Other liabilities	921	578
<b>Total</b>	<b>921</b>	<b>578</b>
<b>12.1. Borrowings</b>		
Term loan		
From banks - Unsecured	4,876	2,961
<b>Total</b>	<b>4,876</b>	<b>2,961</b>
Vendor financing arrangement is entered with the bank where loan is repayable in 4 equal instalments commencing from December 10, 2023 till September 10, 2024. It is recognized under borrowings as this provides extended payment terms beyond the normal payment terms as agreed with the vendor. [Refer note 2.2(e)]		
<b>12.2. Lease liabilities</b>		
Lease liabilities (Refer note 33)	248	148
<b>Total</b>	<b>248</b>	<b>148</b>
<b>12.3. Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 23)	218	1
Total outstanding dues of creditors other than micro and small enterprises - other than acceptances	121,715	106,297
<b>Total</b>	<b>121,933</b>	<b>106,298</b>

\* No trade payable are due to directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other payables are due to firms or private companies respectively in which any director is a partner, a director or a member.

Information about the Company's exposure to credit, liquidity and market risks for trade payables are included in note 25

## Trade payables ageing schedule

Particulars	Outstanding for the following period from due date of payments						Total
	Accrued expenses	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2024</b>							
Total outstanding dues of micro enterprises and small enterprises	-	154	64	-	-	-	218
Total outstanding dues of creditors other than micro enterprises and small enterprises	37,313	71,038	7,140	5,009	619	596	121,715
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>37,313</b>	<b>71,192</b>	<b>7,204</b>	<b>5,009</b>	<b>619</b>	<b>596</b>	<b>121,933</b>
<b>As at March 31, 2023</b>							
Total outstanding dues of micro enterprises and small enterprises	-	-	1	-	-	-	1
Total outstanding dues of creditors other than micro enterprises and small enterprises	2,460	80,043	23,440	16	28	310	106,297
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>2,460</b>	<b>80,043</b>	<b>23,441</b>	<b>16</b>	<b>28</b>	<b>310</b>	<b>106,298</b>

## 12.4. Other financial liabilities

Payable on acquisition of property, plant and equipment	7	7
Fair value of forward contracts	376	468
Reimbursable expenses payable to related party (Refer note 32)	565	467
<b>Total</b>	<b>948</b>	<b>942</b>

Information about the Company's exposure to credit, liquidity and market risks for other financial liabilities are included in note 25

## 13. Other current liabilities

Contract liabilities	12,697	974
Gratuity payable (net) (Refer note 27)	87	41
Other payables		
Statutory remittances	1,001	2,076
Advances from customers	535	203
Others	194	27
<b>Total</b>	<b>14,514</b>	<b>3,321</b>

## 14. Provisions

Provision for employee benefits - Compensated absences	77	80
<b>Total</b>	<b>77</b>	<b>80</b>

## 15. Current tax liabilities (net)

Provision for tax (net of advance tax ₹ 7,775 (for March 31, 2023 is ₹ 5,090))	658	470
<b>Total</b>	<b>658</b>	<b>470</b>



**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

₹ in Lakhs

	For the year ended March 31, 2024	For the year ended March 31, 2023
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**16A. Income taxes**

The income tax asset is ₹ 9,326 Lakhs (net of provision for tax of ₹ 25,013 Lakhs) as at March 31, 2024 and ₹ 6,186 Lakhs (net of provision for tax of ₹ 22,099 Lakhs) as at March 31, 2023

**(a) Income tax expense in the statement of profit and loss consists of:**
**Current Tax:**

In respect of current year	5,790	5,336
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**Deferred Tax:**

In respect of current year	(199)	(568)
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**Total Income tax expense recognised in the statement of profit and loss**

<b>5,591</b>	<b>4,768</b>
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**(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	(25)	42
Net loss / (gain) on measurement of fair value changes on cash flow hedges	88	607

**Total**

<b>63</b>	<b>649</b>
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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	21,925	18,892
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	5,518	4,754

**Tax effect of:**

Items that are non- deductible in determining taxable profit	66	52
Income not taxable as per income tax Act, 1961	(14)	(31)
Others	21	(7)

**Income tax expense recognised in the statement of profit and loss**

<b>5,591</b>	<b>4,768</b>
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The applicable Indian corporate statutory tax rate for the year ended March 31, 2024 and March 31, 2023 is 25.17% and 25.17% respectively.

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

16B. Deferred tax assets (net)

Deferred tax assets / (liabilities) as at March 31, 2024 in relation to:

Particulars	As at April 1, 2023	Recognised in profit & loss	Recognised in other comprehensive income	As at March 31, 2024
Property, plant and equipment	26	(9)	-	17
Allowances for credit losses	212	(172)	-	40
Right to use	38	6	-	44
Defined benefit plans	166	-	25	191
Fair value changes on cashflow hedges	(2)	-	(88)	(90)
Others, including employee and other payables	2,296	374	-	2,671
<b>Total</b>	<b>2,736</b>	<b>199</b>	<b>(63)</b>	<b>2,873</b>

Deferred Tax assets / (liabilities) as at March 31, 2023 in relation to:

Particulars	As at April 1, 2022	Recognised in profit & loss	Recognised in other comprehensive income	As at March 31, 2023
Property, plant and equipment	26	-	-	26
Allowances for credit losses	155	57	-	212
Right to use	35	3	-	38
Defined benefit plans	124	-	42	166
Fair value changes on cash flow hedges	(609)	-	607	(2)
Others, including employee and other payables	1,788	508	-	2,296
<b>Total</b>	<b>1,519</b>	<b>568</b>	<b>649</b>	<b>2,736</b>

	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
<b>17.1. Revenue from operations</b>		
Sale of software/hardware products and licenses	594,632	553,503
Software services	422	536
<b>Total</b>	<b>595,054</b>	<b>554,039</b>

**Disaggregate revenue information**

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2024 by contract type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	India	Other than India	India	Other than India
Revenue from software product and licenses at a point in time	482,130	112,502	469,194	84,309
Revenue from software services				
Time and Material	422	-	536	-
<b>Total</b>	<b>482,552</b>	<b>112,502</b>	<b>469,730</b>	<b>84,309</b>

**17.2. Other income**

Interest income	1,808	1,282
Net gain on current investments	770	798
Net gain on derivatives carried at fair value through profit or loss	242	685
Net gain on foreign currency transactions and translations	308	1,188
Other non-operating income		
Liabilities/provisions no longer required written back	3,181	143
Commission received	4	-
Gain on termination of Lease	56	-
Interest income on Income tax refund	54	71
Miscellaneous income	1	2
<b>Total</b>	<b>6,424</b>	<b>4,169</b>

**18.1. Purchase of stock-in-trade (traded goods)**

Purchase of stock-in-trade (traded goods)	575,330	533,645
	<b>575,330</b>	<b>533,645</b>

**18.2. Changes in inventories of stock-in-trade**

<b>Opening Stock</b>		
Stock-in-trade - hardware/software product and licenses	2,882	276
	<b>2,882</b>	<b>276</b>
<b>Closing Stock</b>		
Stock-in-trade - hardware/software product and licenses	9,801	2,882
	<b>9,801</b>	<b>2,882</b>
<b>(Increase) / decrease in inventories</b>	<b>(6,919)</b>	<b>(2,606)</b>

**19. Employee benefits expense**

Salaries, wages and bonus	5,761	5,118
Contributions to provident and other funds (Refer note 27)	371	303
Staff welfare expenses	63	48
<b>Total</b>	<b>6,195</b>	<b>5,469</b>

**20. Finance costs**

Interest expense on financial liabilities measured at amortised cost:		
Borrowings	104	54
Inter corporate borrowings (Refer note 32)	66	54
Lease rentals discounted (Refer note 33)	59	48
Others	42	-
Other borrowing costs	402	455
<b>Total</b>	<b>673</b>	<b>611</b>

**21. Other expenses**

Power and fuel	13	12
Rent (includes transactions with related parties - Refer note 32)	77	68
Repairs and maintenance - Machinery	2	2
Insurance	75	91
Rates and taxes	232	64
Communication cost	30	27
Facility maintenance	84	79
Travelling and conveyance expenses	188	152
Sales commission	579	500
Professional and technical fees	227	192
Legal fees	10	3
Software license fees	10	74
Insourcing professional fees	65	36
Expenditure on corporate social responsibility (Refer note 29)	261	204
Payments to auditors (Refer note below)	28	21
Net loss on sale of fixed assets scrapped	1	-
Impairment loss/(gain) recognised on trade receivable	1,857	253
Miscellaneous expenses	301	238
<b>Total</b>	<b>4,040</b>	<b>2,016</b>

Note - Payments to auditors comprises (net of input credit):

Statutory audit	20	20
Other services	7	-
Reimbursement of expenses	1	1
	<b>28</b>	<b>21</b>

**SONATA INFORMATION TECHNOLOGY LIMITED****Notes to the financial statements for the year ended March 31, 2024****22 Contingent liabilities**

Particulars	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>Claims against the Company not acknowledged as debt</b>		
a) Disputed demands of Income-tax	33,396	33,396
b) Others	65	65

**Details of disputed demands of Income-tax primarily relates to:****(i) Disallowance of Inter-Company service charges and costs for deputation of personnel.**

Sonata Software Limited, the holding company charges the Company for certain support services rendered and for the cost of project personnel deputed. These support services and costs for deputation are being disallowed by the Income-tax department while computing taxable profits of the Company. The Company has challenged these disallowances and consequent demands at appellate levels and is confident of a favorable outcome.

Details of Demands and Forums where they are pending are:

i. ₹ 4,402 (As at March 31, 2023 ₹ 4,402) for the financial years 2001-02, 2003-04 to 2009-10. The Company has received favorable orders from the Income-tax Appellate Tribunal ("ITAT"). The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.

ii. ₹ 522 (As at March 31, 2023 ₹ 522) for the financial year 2002-03. The Income-tax department's appeal to the Honorable High Court of Mumbai was time barred and hence dismissed. The Income-tax department had preferred a Special Leave Petition on the said dismissal to the Honorable Supreme Court of India which had referred the petition back to the Honorable High Court of Mumbai to reconsider its decision. The Honorable High Court of Mumbai admitted the appeal.

iii. ₹ 4,756 (As at March 31, 2023 ₹ 4,756) for financial years 2014-15, 2015-16, 2016-17 and 2019-20. The assessing officer has disallowed the intercompany service charges and cost for deputation of personnel. The Company has filed appeal before Commissioner of Income-tax (Appeals).

**(ii) Disallowance of payments made for purchase of software on which Income-tax was not withheld.**

Payment in the nature of Royalty on which Income-tax have not been deducted at source are subject to disallowance as an 'expense' as per Sections 40(a)(i) and 40(a)(ia) while computing taxable profits of the Company. The Income-tax department, holding payments for purchase of software as "Royalty" disallowed the expense while computing taxable profits of the Company.

The Honorable High Court of Karnataka had given an unfavorable decision and held the payments for purchase of software as "Royalty". However, the said demands which are consequential and penal in nature do not arise automatically and there are multiple legal precedents in favor of the Company. Based on Honourable Supreme Court favorable order with respect to withholding tax demand, the Company is confident of a favorable outcome on these consequential demands.

Details of demands raised and the forum where these are pending are:

i. ₹ 23,644 (As at March 31, 2023 ₹ 23,644) of tax demand for the financial years 2001-02, 2002-2003, 2006-07 and 2007-08. The Company had received a favorable order from ITAT. The Income-tax department had preferred an appeal to the Honorable High Court of Mumbai.

ii. ₹ 72 (As at March 31, 2023 ₹ 72) for the financial year 2014-15, 2015-16 and 2016-17. The assessing officer has disallowed payments made for purchase of software on non-deduction of tax. The company has preferred an appeal before CIT(A).

c) In addition, the Company in the ordinary course of business receives various claims from its customers and other business partners.

Based on review of such matters and the information available at this time, the Company does not anticipate that any of these including the tax litigations, will result in a settlement that will have a material impact on its financial statements.

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. Future cash flow in respect of the above, if any, is determinable only on receipt of judgement/ decisions pending with relevant authorities. The Company does not expect the outcome of the matters stated above to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**
**23 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006**

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2024 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act. This information as required under Micro, small and medium enterprises development Act 2006 [MSMED] has been determined to the extent such parties have been identified on the basis of information available with the Company are as below:

₹ in Lakhs		
Particulars	As at March 31, 2024	As at March 31, 2023
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	218	1
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

**24 Financial instruments**

The carrying value of financial instruments by categories as at March 31, 2024 are as follows:

₹ in Lakhs					
Particulars	Note	Fair value through profit and loss	Fair value through other comprehensive income	Amorised cost	Total Carrying value
<b>Financial assets</b>					
Security deposits	4	-	-	131	131
Investments in bonds (quoted)	7.1	-	-	4,333	4,333
Investments in mutual funds (quoted)	7.1	9,520	-	-	9,520
Trade receivable	7.2	-	-	104,765	104,765
Cash and cash equivalents	7.3	-	-	10,354	10,354
Bank balances other than above	7.4	-	-	14,191	14,191
Other financial assets	4 & 7.5	-	-	4,451	4,451
Forward contracts	7.5	38	330	-	368
<b>Total</b>		<b>9,558</b>	<b>330</b>	<b>138,225</b>	<b>148,113</b>
<b>Financial liabilities</b>					
Borrowings	12.1	-	-	4,876	4,876
Trade payables	12.3	-	-	121,933	121,933
Lease liabilities	11.1 & 12.2	-	-	805	805
Other financial liabilities	12.4 & 11.2	-	-	1,493	1,493
Forward contracts	12.4	10	366	-	376
<b>Total</b>		<b>10</b>	<b>366</b>	<b>129,107</b>	<b>129,483</b>

The carrying value of financial instruments by categories as at March 31, 2023 are as follows:

₹ in Lakhs					
Particulars	Note	Fair value through profit and loss	Fair value through other comprehensive income	Amorised cost	Total Carrying value
<b>Financial assets</b>					
Security deposits	4	-	-	91	91
Investments in mutual funds (quoted)	7.1	13,905	-	-	13,905
Trade receivable	7.2	-	-	77,278	77,278
Cash and cash equivalents	7.3	-	-	13,724	13,724
Bank balances other than above	7.4	-	-	16,854	16,854
Other financial assets	4 & 7.5	-	-	2,823	2,823
Forward contracts	7.5	36	88	-	124
<b>Total</b>		<b>13,941</b>	<b>88</b>	<b>110,770</b>	<b>124,799</b>
<b>Financial liabilities</b>					
Borrowings	12.1	-	-	2,961	2,961
Trade payables	12.3	-	-	106,298	106,298
Lease liabilities	11.1 & 12.2	-	-	403	403
Other financial liabilities	12.4 & 11.2	-	-	942	942
Forward contracts	12.4	56	412	-	468
<b>Total</b>		<b>56</b>	<b>412</b>	<b>110,604</b>	<b>111,072</b>

**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, 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 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, 2024, 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, 2024 and March 31, 2023.

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

Particulars	Fair value as at		Fair value hierarchy
	As at	As at	
	March 31, 2024	March 31, 2023	
Investments in mutual funds (quoted)	9,520	13,905	Level 1
Foreign currency forward contracts (assets) - Refer note 7.5	368	124	Level 2
Foreign currency forward contracts (liabilities) - Refer note 12.4	376	468	Level 2

₹ in Lakhs

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

**Valuation techniques and significant unobservable inputs:**

The following tables show the valuation techniques used in measuring Level 2 fair values for financial instruments in the balance sheet.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable	Not applicable

**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.

The following table summarizes the activities in the statement of profit and loss and other comprehensive income:

Particulars	Year ended	
	March 31, 2024	March 31, 2023
<b>Derivatives in hedging relationships</b>		
Effective portion of gain or (loss) recognized in OCI on derivatives	349	(2,402)
Effective portion of gain or (loss) reclassified from OCI into statement of profit and loss as "revenue"	51	(121)

₹ in Lakhs

**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

The following table summarizes the activity in the accumulated 'Other comprehensive income' within equity related to all derivatives classified as cash flow hedges:

Particulars	₹ in Lakhs	
	Year ended	
	March 31, 2024	March 31, 2023
Balance at the beginning of the year	(253)	1,542
Unrealized gain or (loss) on cash flow hedging derivatives during the year	298	(2,281)
Net gain reclassified into statement of profit and loss on occurrence of hedged transactions	51	(121)
Deferred tax liability	(88)	607
<b>Cash flow hedging reserve (net of tax)</b>	<b>8</b>	<b>(253)</b>

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

Particulars	As at	As at	As at	As at
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Amount in Lakhs		₹ in Lakhs	
<b>Designated derivative instruments (Sell):</b>				
In USD	382	342	33,044	28,671
In GBP	180	270	18,812	27,899
In AUD	11	14	609	791

The foreign exchange forward and option contracts mature anywhere between 0-5 years. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

Particulars	As at	As at	As at	As at
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	Amount in Lakhs		₹ in Lakhs	
<b>Designated derivative instruments (Sell):</b>				
<b>Less than 3 months</b>				
In USD	117	189	9,815	15,833
In GBP	90	-	9,301	-
In AUD	7	-	402	-
<b>More than 3 months</b>				
In USD	265	153	23,229	12,838
In GBP	90	270	9,511	27,899
In AUD	4	14	207	791

**Average rate of coverage:**

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount in Lakhs	Weighted average rate (₹)	Amount in Lakhs	Weighted average rate (₹)
USD	382	86.47	342	83.80
GBP	180	104.37	270	103.19
AUD	11	57.85	14	56.28

**25 Financial risk management**

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

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

**i) 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 at the reporting date is primarily from 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.

**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**
**Trade and other receivables**

Management considers that the demographics of the Company's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. Exposures to customers outstanding at the end of each reporting year are reviewed by the company to determine incurred and expected credit losses. Historical trend of impairment of trade receivables do not reflect any significant credit losses. Basis this assessment, the allowance for doubtful trade receivables as at March 31, 2024 is considered adequate.

The following table gives details in respect of revenues generated from customers having more than 10% of total revenue (excluding Inter Company):

₹ in Lakhs

Particulars	For the year ended	
	March 31, 2024	March 31, 2023
Revenue from customer having more than 10% of total revenue	107,124	85,248

**Geographic concentration of credit risk**

Geographic concentration of trade receivables and allowance for credit loss is as follows:

₹ in Lakhs

Particulars	As at March 31, 2024		As at March 31, 2023	
	India	Other than India	India	Other than India
Trade receivables (Billed)	81,730	14,566	65,663	12,458
Allowance for credit loss	2,373	382	843	-
% of credit loss to trade receivables	2.90%	2.62%	1.28%	0.00%

**Expected credit loss**

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed. There are no trade receivables or other financial assets which have a significant increase in credit risk.

**Movement in allowances for credit losses**

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	843	617
Allowance for expected credit loss (net)*	4,374	258
Bad debts written off during the year	(2,462)	(32)
<b>Balance at the end of the year</b>	<b>2,755</b>	<b>843</b>

\* The company has adjusted compensation right asset amounting to ₹ 2,517 Lakhs against the allowance for expected credit loss. The Company has disclosed the remaining amount of ₹ 1,857 Lakhs as allowance for expected credit loss in note 21 (Refer note 2.2 (o) for the accounting policy on compensation right assets)

**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.

**ii) Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short term investments provide liquidity in the short-term and long-term. In addition, the company has concluded arrangements with well reputed banks and also plans to negotiate additional facilities for funding as and when required. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities.

The Company participates in a vendor financing arrangement. While the arrangement provides for extended payment terms beyond the normal terms agreed with vendor, the programme assists in making cash outflows more predictable. (Refer note 12.1)

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

**The liquidity position of the Company is given below:**

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents	10,354	13,724
Bank balances other than above	14,191	16,854
Investments in mutual funds (quoted)	9,520	13,905
Investments in bonds (quoted)	4,333	-
Trade receivables	104,765	81,501
Other financial assets	2,638	481
Derivative financial instruments - cash flow hedge	368	124
Other current assets	884	2,902



**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

The table below provides details regarding the contractual maturities of financial liabilities as at March 31, 2024 and March 31, 2023:

₹ in Lakhs

Particulars	As at March 31, 2024			
	Less than 1 year	1-2 years	2 years & above	Total
Borrowings*	4,876	-	-	4,876
Trade payables	121,933	-	-	121,933
Lease liabilities	260	270	501	1,031
Other financial liabilities	572	988	-	1,560
Derivative financial instruments - cash flow hedge	376	-	-	376

Particulars	As at March 31, 2023			
	Less than 1 year	1-2 years	2 years & above	Total
Borrowings*	2,961	-	-	2,961
Trade payables	106,298	-	-	106,298
Lease liabilities	148	78	177	403
Other financial liabilities	474	-	-	474
Derivative financial instruments - cash flow hedge	468	-	-	468

\* This includes vendor financing arrangement, refer note 12.1

**iii) Market risk**
**Foreign currency exchange rate 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 ₹ 525 lakhs increase and decrease in the Company's net profit as at March 31, 2024;
- b) an approximately ₹ 155 lakhs increase and decrease in the Company's net profit as at March 31, 2023;

The following table presents foreign currency risk from non-derivative financial instruments as of March 31, 2024 and March 31, 2023.

**Exposure currency:**

₹ in Lakhs

As at March 31, 2024	USD	GBP	EUR	Other currencies*
<b>Assets</b>				
Trade receivables	30,459	202	74	195
Cash and cash equivalents	945	31	45	114
<b>Liabilities</b>				
Trade payables	4,560	69	27	-
<b>Net assets/(liabilities)</b>	<b>26,844</b>	<b>164</b>	<b>92</b>	<b>309</b>

₹ in Lakhs

As at March 31, 2023	USD	GBP	EUR	Other currencies*
<b>Assets</b>				
Trade receivables	14,331	158	(3)	13
Cash and cash equivalents	1,172	-	-	83
<b>Liabilities</b>				
Trade payables	1,968	66	27	217
<b>Net assets/(liabilities)</b>	<b>13,535</b>	<b>92</b>	<b>(30)</b>	<b>(121)</b>

\*Others include currencies such as Singapore Dollar and Australian Dollar.

For the year ended March 31, 2024, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.05%/ (0.05)%. For the year ended March 31, 2023, the impact on operating margins would be 0.02%/ (0.02)%.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investments. The Company's investments are primarily short-term, which do not expose it to significant interest rate risk.

**SONATA INFORMATION TECHNOLOGY LIMITED****Notes to the financial statements for the year ended March 31, 2024****26 Capital management**

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

The capital structure of the company consists of the following:

Particulars	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Total equity attributable to the equity share holders of the Company	27,348	29,326
As percentage of total capital	83%	90%
Total borrowings	4,876	2,961
Total lease liabilities	805	403
<b>Total borrowings and lease liabilities</b>	<b>5,681</b>	<b>3,364</b>
As a percentage of total capital	17%	10%
<b>Total capital (borrowings and equity)</b>	<b>33,029</b>	<b>32,690</b>

The Company is predominantly equity financed which is evident from the capital structure table.

**27 Employee benefit plans****i) Defined contribution plans**

In accordance with the law, all employees of the company are entitled to receive benefits under the provident and pension fund. The company has no obligation other than the contribution to the provident and pension fund.

**a) Provident fund**

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

Provident fund contributions amounting to ₹ 142 lakhs (for the year ended March 31, 2023 ₹ 127 lakhs) has been charged to the Statement of Profit and Loss (as part of contribution to provident fund and other funds in note 19 employee benefits expense).

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

Particulars	₹ in Lakhs	
	Year ended March 31, 2024	Year ended March 31, 2023
Superannuation (as part of contribution to provident fund and other funds in note 19 employee benefits expense)	147	105
National Pension Scheme (as part of contribution to provident fund and other funds in note 19 employee benefits expense)	17	12

**ii) Defined benefit plans - Gratuity**

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy.

**Gratuity is a defined benefit plan and Company is exposed to the following Risks:**

**Interest rate risk:** A fall in the discount rate which is linked to the government securities rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset liability matching (ALM) risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration risk:** Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very low as insurance companies have to follow stringent.

**SONATA INFORMATION TECHNOLOGY LIMITED**

Notes to the financial statements for the year ended March 31, 2024

**As per valuation**
**The principal assumptions used for the purposes of the actuarial valuations were as follows:**

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate(s)	7.20%	7.45%
Expected rate(s) of salary increase	5.00%	5.00%
Expected return on plan assets	7.20%	7.45%
Employee turnover	For service 4 years and below 25.00% p.a. For service 5 years and above 10.00% p.a.	For service 4 years and below 25.00% p.a. For service 5 years and above 10.00% p.a.
Retirement age	60 years	60 years
Mortality Rate	Indian assured lives mortality 2012-14	Indian assured lives mortality 2012-14

**Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:**

Particulars	₹ in Lakhs	
	Year ended March 31, 2024	Year ended March 31, 2023
<b>Service cost:</b>		
Current service cost	62	56
Net interest expense	3	1
<b>Components of defined benefit costs recognised in profit and loss</b>	<b>65</b>	<b>57</b>
<b>Remeasurement on the net defined benefit liability:</b>		
Return on plan assets (excluding amounts included in net interest expense)	37	142
Actuarial (gains) / losses arising from changes in financial assumptions	11	(30)
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from experience adjustments	50	53
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>98</b>	<b>165</b>

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.

Particulars	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:		
Present value of funded defined benefit obligation	(996)	(823)
Fair value of plan assets	909	782
<b>Net (liability) / assets arising from defined benefit obligation</b>	<b>(87)</b>	<b>(41)</b>
<b>Movements in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	823	715
Current service cost	62	56
Interest cost	61	48
<b>Remeasurement (gains)/losses:</b>		
Actuarial (gains) / losses arising from changes in financial assumptions	11	(30)
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from experience adjustments	50	53
Benefits paid	(11)	(19)
<b>Closing defined benefit obligation</b>	<b>996</b>	<b>823</b>
<b>Movements in the fair value of the plan assets are as follows:</b>		
Opening fair value of plan assets	782	702
Interest income	58	47
Return on plan assets (excluding amounts included in net interest expense)	(37)	(142)
Contributions from the employer	117	194
Benefits paid	(11)	(19)
<b>Closing fair value of plan assets</b>	<b>909</b>	<b>782</b>

**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

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

Particulars	As at March 31, 2024	As at March 31, 2023
Insurer managed funds	100%	100%
Category of funds :		
Secure fund	33.93%	35.33%
Defensive fund	30.85%	30.84%
Balanced fund	35.22%	33.83%

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(45)	49	(38)	42
Future salary growth (1% movement)	49	(46)	43	(40)
Employee turnover rate (1% movement)	4	(5)	5	(5)

₹ in Lakhs

The Company expects to contribute ₹ 161 lakhs to its defined benefit plans during the next fiscal year.

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

The discount rate is based on the prevailing market yields of government of India securities as at the balance sheet date for the estimated term of the obligations.

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

**Experience adjustments**

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021	As at March 31, 2020
Present value of defined benefit obligation	996	823	715	406	313
Fair value of plan assets	909	782	702	429	271
Surplus / (deficit)	(87)	(41)	(12)	23	(42)
Experience adjustments on plan liabilities - (gain)/losses	50	53	157	17	(31)
Return on plan assets (excluding amounts included in net interest expense)	(37)	(142)	2	41	(20)

₹ in Lakhs

**Maturity profile of defined benefit obligation:**

Particulars	As at March 31, 2024	As at March 31, 2023
Within 1 year	108	92
1-2 years	106	89
2-3 years	111	86
3-4 years	204	90
4-5 years	130	163
5 years and Above	836	759

₹ in Lakhs

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 employee benefits - Compensated absences**
**As per valuation**

The compensated absence obligations includes the Company's liability for earned leave and sick leave.

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

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate(s)	7.20%	7.38%
Expected rate(s) of salary increase	5.00%	5.00%
Employee turnover	For service 4 years and below 25.00% p.a. For service 5 years and above 10.00% p.a.	For service 4 years and below 25.00% p.a. For service 5 years and above 10.00% p.a.
Mortality Rate	Indian assured lives mortality 2012-14	Indian assured lives mortality 2012-14
Retirement age	60 years	60 years
Leave availment (%)	2%	2%

**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

The amount included in the balance sheet arising from the Company's obligation in respect of its compensated absences is as follows:

Particulars	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Current liability	77	80
<b>Present value of compensated absences</b>	<b>77</b>	<b>80</b>

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(4)	4	(3)	4
Future salary growth (1% movement)	4	(4)	3	(3)
Withdrawal rate (1% movement)	(4)	5	(4)	4

**Maturity profile of compensated absences:**

Particulars	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Within 1 year	10	10
1-2 years	9	9
2-3 years	17	8
3-4 years	8	15
4-5 years	9	9
5 years and above	30	38

**28 Segment reporting**

The Company is engaged in the business of software/hardware products and licenses including related services in India which constitutes a single business segment. The Company's operations outside India did not exceed the quantitative threshold for disclosure envisaged in Ind AS 108.

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

**29 Corporate social responsibility**

As per Section 135 of Companies Act, 2013 a company meeting the applicability threshold, needs to spend at least 2% of its average net profit of the immediately preceding three financial years on Corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Companies Act, 2013. The CSR initiatives are focused towards healthcare, education, digital Skilling, women's education, diversity & inclusion, special education to empower hearing-impaired students, environment, tree plantation, wildlife conservation, cultural heritage, livelihood support.

(i) Gross amount required to be spent by the Company during the year is ₹ 264 lakhs (Previous Year is ₹ 201 lakhs)

(ii) Amount spent during the year is ₹ 267 lakhs (Previous year is ₹ 204 lakhs)

Particulars	For the year ended March 31, 2024			For the year ended March 31, 2023		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purposes other than above	267	-	267	204	-	204
<b>Total</b>	<b>267</b>	<b>-</b>	<b>267</b>	<b>204</b>	<b>-</b>	<b>204</b>

(iii) Amount unspent is Nil (Previous year is Nil)

(iv) Excess amount spent:

Particulars	₹ in Lakhs	
	Year ended March 31, 2024	Year ended March 31, 2023
Opening balance	(3)	-
Add: Amount required to be spent during the year	264	201
Less: Amount spent during the year	267	204
<b>Closing balance [short / (excess) spent]</b>	<b>(6)</b>	<b>(3)</b>

**30 Earnings per share**

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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Profit after tax attributable to equity shareholders (a)	16,334	14,124
Weighted average number of equity shares outstanding during the year for basic EPS (b)	3,375,394	3,375,394
Weighted average number of equity shares outstanding during the year for diluted EPS (c)	3,375,394	3,375,394
Basic earning per share (a/b) (₹ in INR)	483.91	417.87
Diluted earning per share (a/c) (₹ in INR)	483.91	417.87

**SONATA INFORMATION TECHNOLOGY LIMITED**  
**Notes to the financial statements for the year ended March 31, 2024**

**31 Distributions made and proposed (Refer note 9):**

The Board of Directors at their meeting held on May 07, 2024 had declared final dividend of 2666.4 % (₹ 266.64 per equity share of par value of ₹ 10 each), which is subject to approval of shareholders. The Board of Directors at their meeting held on October 25, 2023 had declared an interim dividend of 1629.4% (₹ 162.94 per equity share of par value of ₹ 10 each). The Board of Directors at their meeting held on January 28, 2024 had declared an interim dividend of 888.8% (₹ 88.88 per equity share of par value of ₹ 10 each).

The Board of Directors at their meeting held on October 17, 2022 & January 23, 2023 had declared an interim dividend of 1,036.9% & 977.64% respectively (₹ 103.69 & ₹ 97.76 per equity share of par value of ₹ 10 each). The Board of Directors at their meeting held on May 03, 2023 had declared final dividend of 2962.6 % (₹ 296.26 per equity share of par value of ₹ 10 each).

**32 Related party disclosure**

**i) Details of related parties :**

Description of relationship	Names of related parties
<b>(a) Holding company</b>	Sonata Software Limited
<b>(b) Fellow subsidiary</b>	Sonata Software Solutions Limited Quant Cloud Solutions Private Limited Gapbuster Worldwide Pty Ltd Sonata Software North America Inc. Sonata Europe Limited Sonata Software Intercontinental Limited Sonata Australia Pty Ltd Encore IT Services Solutions Private Limited
<b>(c) Post-employment benefit plan (Refer note 27)</b>	Sonata Software Limited Gratuity Fund Sonata Software Officers' Superannuation Fund
<b>(d) Key management personnel (KMP)</b>	Mr. P Srikar Reddy, Chairperson Mr. Sujit Mohanty, Managing Director & CEO Ms. Radhika Rajan, Director Mr. Samir Dhir, Director

**ii) Transactions with related parties :**

₹ in Lakhs

Particulars	Holding Company		Fellow Subsidiary		KMP	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Revenue from Software products and licenses</b>						
Sonata Software Limited	10,273	12,151				
Sonata Software North America Inc.			3	2		
Quant Cloud Solutions Private Limited			35	-		
Sonata Software Solutions Limited			30	-		
Gapbuster Worldwide Pty Ltd			18	-		
<b>Rent paid</b>						
Sonata Software Limited	107	96				
<b>Inter corporate borrowings taken</b>						
Sonata Software Limited	14,570	9,410				
Sonata Software Solutions Limited			5,300	-		
<b>Inter corporate borrowings repaid</b>						
Sonata Software Limited	14,570	9,410				
Sonata Software Solutions Limited			5,300	-		
<b>Inter corporate borrowings given</b>						
Sonata Software Solutions Limited			250	-		
<b>Inter corporate borrowings recovered</b>						
Sonata Software Solutions Limited			250	-		
<b>Interest expense on inter corporate borrowings</b>						
Sonata Software Limited	38	54				
Sonata Software Solutions Limited			28	-		
<b>Interest Income on inter corporate borrowings</b>						
Sonata Software Solutions Limited			1	-		
<b>Dividend paid</b>						
Sonata Software Limited	18,500	12,509				
<b>Commission on corporate guarantees</b>						
Sonata Software Limited	337	331	-	-		
<b>Reimbursement of expenses paid</b>						
Sonata Software Limited	199	-				
Sonata Software North America Inc.			239	12		
Sonata Australia Pty Ltd			-	174		
Sonata Europe Limited			-	527		

**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

₹ in Lakhs

<b>Reimbursement of expenses Received</b>						
Sonata Software Limited	11	-				
Sonata Software Intercontinental Limited			-	6		
Sonata Software North America Inc.			1	1		
Sonata Software Solutions Limited			27	-		
Encore IT Services Solutions Private Limited			69	-		
Sonata Europe Limited			76			
<b>Compensation of key management personnel of the Company</b>						
Short-term employee benefits <sup>1</sup>					191	206
Long-term employee benefits					65	-
Others					2	2
<b>Balances outstanding at the end of the year</b>						
<b>Trade Receivables</b>						
Sonata Software Limited	4,057	2,920				
Sonata Software North America Inc.			1	-		
Quant Cloud Solutions Private Limited			0	-		
<b>Reimbursement of expenses payable</b>						
Sonata Software Limited	158	90				
Sonata Software North America Inc.			264	22		
Sonata Australia Pty Ltd			-	218		
Sonata Europe Limited			140	137		
Sonata Software Solutions Limited			3	-		
<b>Reimbursement of expenses receivable</b>						
Sonata Software Limited	24	12				
Sonata Software Intercontinental Limited			7	7		
Sonata Software North America Inc.			-	1		
Sonata Europe Limited			76	-		
<b>Corporate guarantees taken</b>						
Sonata Software Limited	33,860	33,368				
<b>Payable to key management personnel of the Company</b>						
Short-term employee benefits <sup>1</sup>					86	89
Long-term employee benefits					65	-

<sup>1</sup> The above post employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

**Terms and conditions with related party:**

1. The sales, purchases, loans given and received from related parties are made on terms equivalent to those that prevail in arm's length transactions.
2. Inter corporate deposits availed and given are unsecured, repayable on demand in cash, at an interest rate ranges between 8.5% - 9.9%.
3. Commission on corporate guarantee is paid at 1%
4. Outstanding balance at year end are unsecured and settlement occurs in cash.

**SONATA INFORMATION TECHNOLOGY LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**
**33 : Leases**

The company leases mainly comprise of buildings. The company leases buildings for operational purposes.

Following are the changes in the carrying value of right of use assets:

Particulars	₹ in Lakhs	
	As at	As at
	March 31, 2024	March 31, 2023
	Buildings	Buildings
Balance at the beginning	298	418
Additions	734	27
Deletion	(108)	-
Depreciation for the year	(182)	(147)
<b>Balance at the end of the year</b>	<b>742</b>	<b>298</b>

Incremental borrowing rate used for discounting of lease liabilities is 9.2% - 10.81% based on the lease term.

The following is the movement in lease liabilities:

Particulars	₹ in Lakhs	
	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Balance at the beginning	403	526
<b>Non-cash changes</b>		
Additions	725	27
Finance cost accrued during the year	59	48
Deletions	(164)	-
<b>Cash changes</b>		
Payment of lease liabilities	(218)	(198)
<b>Balance at the end of the year</b>	<b>805</b>	<b>403</b>

The following is the break-up of lease liabilities based on their maturities:

Particulars	₹ in Lakhs	
	As at	As at
	March 31, 2024	March 31, 2023
Current lease liabilities	248	148
Non-current lease liabilities	557	255
<b>Total</b>	<b>805</b>	<b>403</b>

**Contractual maturities of lease liabilities**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2024 on an undiscounted basis:

Particulars	₹ in Lakhs	
	As at	As at
	March 31, 2024	March 31, 2023
Not later than one year	260	155
Later than one year and not later than 5 years	557	273
Later than 5 years	214	109

The Company recognized the following income and expense in the statement of profit and loss pertaining to leased assets:

Particulars	₹ in Lakhs	
	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
Finance cost on lease liabilities during the year	59	48
Depreciation on ROU assets	182	147
Rent expense pertaining to short-term lease (Refer note 21)*	77	68
<b>Total</b>	<b>318</b>	<b>263</b>

\* Pertains to rent on building, machinery and equipments does not qualify for lease recognition under Ind AS 116.



**SONATA INFORMATION TECHNOLOGY LIMITED****Notes to the financial statements for the year ended March 31, 2024****34 : The table below provides financial ratios:**

Ratio/Measure	Methodology	For the year ended	For the year ended
		March 31, 2024	March 31, 2023
Current ratio	Current assets over current liabilities	1.09	1.16
Debt-equity ratio <sup>1</sup>	Debt over total shareholders equity	0.21	0.11
Debt service coverage ratio <sup>2</sup>	EBITDA over current debt	3.94	5.29
Return on equity ratio	PAT over total average equity	0.58	0.48
Trade receivable turnover ratio	Revenue from operations over trade receivables	5.68	7.17
Trade payable turnover ratio	Adjusted expenses over trade payables	4.75	5.07
Net capital turnover ratio	Revenue from operations over working capital	31.78	26.06
Net profit ratio	Net profit over revenue	0.03	0.03
Return on capital employed	EBIT over capital employed	0.68	0.60
Return on investment <sup>3</sup>	Interest income, net gain on sale of investments and net fair value gain & dividend income over weighted average	0.10	0.06

**Notes:**

EBITDA - Earnings before interest, taxes, depreciation and amortisation

PAT - Profit after taxes

EBIT - Earnings before interest and taxes.

Debt includes current and non-current lease liabilities.

Adjusted expenses derived from total expenses excluding depreciation and finance cost.

working capital derived from current assets in excess of current liabilities excluding borrowings & lease liabilities.

**Explanation for variances exceeding 25%:**

<sup>1</sup>Debt equity ratio is improved due to increase in additional borrowings during the financial year 2023-24

<sup>2</sup>Debt service coverage ratio is reduced on account of increase in additional borrowings & lease liabilities during the financial year 2023-24

<sup>3</sup>Return on investment is increased on account of increase in profit on sale of investments & interest income during the financial year March 31, 2024

**35:** There is no amount due and outstanding as at balance sheet date to be credited to the Investor Education and Protection Fund.

**36:** No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person or entity, including foreign entity (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**The accompanying notes form an integral part of the financial statements**

**As per our report of even date attached**

**For B S R & Co. LLP**

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors  
of Sonata Information Technology Limited**

**Amrit Bhansali**

Partner

Membership No. 065155

**Sujit Mohanty**

Managing Director  
& CEO

**Samir Dhir**

Director

Place : Mumbai

Date : May 07, 2024

Place : Mumbai

Date : May 07, 2024

Place : Mumbai

Date : May 07, 2024

**SONATA SOFTWARE SOLUTIONS LIMITED**  
**Balance Sheet**

₹ in Lakhs

	Note	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,311	1,630
Capital work-in-progress	3.1	-	80
Right-of-use assets	33	2,748	2,977
Financial assets			
Other financial assets	4	261	257
Deferred tax assets (net)	15B	3,416	2,129
Income tax assets (net)	15A	332	14
Other non-current assets	5	19	6
<b>Total non-current assets</b>		<b>8,087</b>	<b>7,093</b>
<b>Current assets</b>			
Financial assets	6		
Investments	6.1	-	3,652
Trade receivables	6.2	5,132	6,249
Cash and cash equivalents	6.3	117	551
Bank balances other than above	6.4	2,473	-
Other financial assets	6.5	99	34
Other current assets	7	70	35
<b>Total current assets</b>		<b>7,891</b>	<b>10,521</b>
<b>Total assets</b>		<b>15,978</b>	<b>17,614</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	8	1	1
Other equity	9	12,134	13,599
<b>Total equity</b>		<b>12,135</b>	<b>13,600</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Lease liabilities	10	2,990	3,051
<b>Total non-current liabilities</b>		<b>2,990</b>	<b>3,051</b>
<b>Current liabilities</b>			
Financial liabilities	11		
Lease liabilities	11.1	363	347
Trade payables	11.2		
Total outstanding dues of micro enterprises and small enterprises		1	5
Total outstanding dues of creditors other than micro enterprises and small enterprises		110	180
Other financial liabilities	11.3	198	233
Other current liabilities	12	82	94
Provisions	13	48	55
Current tax liabilities (net)	14	51	49
<b>Total current liabilities</b>		<b>853</b>	<b>963</b>
<b>Total equity and liabilities</b>		<b>15,978</b>	<b>17,614</b>

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of**  
**Sonata Software Solutions Limited**

**Amrit Bhansali**  
Partner  
Membership No. 065155

**Jagannathan CN**  
Director

**Suresh H P**  
Director

Place : Bengaluru  
Date : May 06, 2024

Place : Bengaluru  
Date : May 06, 2024

Place : Bengaluru  
Date : May 06, 2024

**SONATA SOFTWARE SOLUTIONS LIMITED**  
**Statement of Profit and Loss**

₹ in Lakhs

		For the year ended	For the year ended
	Note	March 31, 2024	March 31, 2023
Revenue from operations	16.1	14,335	15,382
Other income	16.2	371	329
<b>Total income</b>		<b>14,706</b>	<b>15,711</b>
<b>EXPENSES</b>			
Employee benefits expense	17	5,487	5,730
Finance costs	18	322	325
Depreciation and amortization expense	3 & 33	901	465
Other expenses	19	651	445
<b>Total expenses</b>		<b>7,361</b>	<b>6,965</b>
<b>Profit before tax</b>		<b>7,345</b>	<b>8,746</b>
<b>Tax expense</b>			
Current tax	15A	1,287	1,555
Deferred tax	15B	(1,287)	(1,520)
<b>Net tax expense</b>		<b>-</b>	<b>35</b>
<b>Profit for the year</b>		<b>7,345</b>	<b>8,711</b>
<b>Other comprehensive income</b>			
1. Items that will not be reclassified to profit/(loss)			
(a) Remeasurement of the defined benefit plans		(13)	(4)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		-	-
		<b>(13)</b>	<b>(4)</b>
2. Items that will be reclassified to profit/(loss)			
(a) Fair value changes on derivatives designated as cash flow hedge, net		3	(8)
(b) Income tax relating to items that will be reclassified to profit/(loss)		-	-
		<b>3</b>	<b>(8)</b>
<b>Total other comprehensive income for the year, net of tax</b>		<b>(10)</b>	<b>(12)</b>
<b>Total comprehensive income for the year</b>		<b>7,335</b>	<b>8,699</b>
Earnings per share - (on ₹ 10 per share)			
Basic and Diluted ₹	29	73,450	87,110

**The accompanying notes form an integral part of the financial statements**

**As per our report of even date attached**

**For B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of  
Sonata Software Solutions Limited**

**Amrit Bhansali**  
Partner  
Membership No. 065155

**Jagannathan CN**  
Director

**Suresh H P**  
Director

Place : Bengaluru  
Date : May 06, 2024

Place : Bengaluru  
Date : May 06, 2024

Place : Bengaluru  
Date : May 06, 2024

**SONATA SOFTWARE SOLUTIONS LIMITED**  
**Statement of changes in equity**

**(a) Equity share capital**

₹ in Lakhs

Particulars (Refer note 8)	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	1	1
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	1	1
Changes in equity share capital during the year	-	-
Balance at the end of the year	1	1

**(b) Other equity**

₹ in Lakhs

Particulars	Reserves and surplus		Effective portion of cash flow hedges (Refer note 9)	Total Other equity
	Retained earnings	Remeasurement of the defined benefit plans		
Balance as at April 1, 2022	4,908	(8)	-	4,900
Profit for the year	8,711			8,711
Other comprehensive income (net of tax)		(4)	(8)	(12)
Total comprehensive income for the year	8,711	(4)	(8)	8,699
Balance as at March 31, 2023	13,619	(12)	(8)	13,599
Balance as at April 1, 2023	13,619	(12)	(8)	13,599
Profit for the year	7,345			7,345
Other comprehensive income (net of tax)	-	(13)	3	(10)
Total comprehensive income for the year	7,345	(13)	3	7,335
Transactions with owners of the company				
Contributions and distributions				
Payment of cash dividends	(8,800)	-	-	(8,800)
Balance as at March 31, 2024	12,164	(25)	(5)	12,134

Refer note 9 for the nature and purpose of reserves.

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of

Sonata Software Solutions Limited

Amrit Bhansali

Partner

Membership No. 065155

Jagannathan CN

Director

Suresh H P

Director

Place : Bengaluru

Date : May 06, 2024

Place : Bengaluru

Date : May 06, 2024

Place : Bengaluru

Date : May 06, 2024

	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Profit before tax</b>	<b>7,345</b>	<b>8,746</b>
Adjustments for :		
Depreciation and amortization expense	901	465
Finance costs	322	325
Impairment (gain)/loss recognised on trade receivable	23	38
Interest from inter-corporate deposits	(28)	-
Interest from fixed deposits/margin money with banks	(81)	-
Net gain on current investments	(69)	(82)
Unrealized foreign exchange gain (net)	(60)	352
<b>Operating cash flows before movements in working capital</b>	<b>8,353</b>	<b>9,844</b>
<i>Changes in operating assets and liabilities:</i>		
Decrease/(increase) in trade receivables	1,110	(2,535)
Increase in other financial assets - current	(90)	(1)
Increase in other financial assets non-current	(4)	-
Increase in other non-current assets	(14)	(6)
Increase in other current assets	(35)	(1)
Decrease in trade payables	(85)	(74)
Increase in other financial liabilities	79	1
(Decrease)/increase in other current liabilities	(24)	32
Decrease in provisions	(7)	(11)
<b>Net cash flow from operating activities before taxes</b>	<b>9,283</b>	<b>7,249</b>
Income taxes paid	(1,604)	(1,515)
<b>Net cash flow from / (used in) operating activities</b>	<b>(A) 7,679</b>	<b>5,734</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment including capital work-in-progress and capital advances	(314)	(1,619)
Purchase of investments	(11,867)	(11,651)
Proceeds from sale of investments	15,588	8,333
Inter corporate borrowings given	(5,300)	-
Inter corporate borrowings recovered	5,300	-
Investment in bank deposits	(2,400)	-
Interest received	36	-
<b>Net cash flow from / (used in) investing activities</b>	<b>(B) 1,043</b>	<b>(4,937)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment on lease liabilities	(365)	(350)
Inter corporate borrowings taken	250	-
Inter corporate borrowings repaid	(250)	-
Payment of dividend	(8,800)	-
Interest paid	(2)	(2)
<b>Net cash flow from / (used in) financing activities</b>	<b>(C) (9,167)</b>	<b>(352)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(A+B+C) (445)</b>	<b>445</b>
Opening cash and cash equivalents	551	106
Exchange difference on translation of foreign currency cash and cash equivalents.	11	-
<b>Closing cash and cash equivalents</b>	<b>117</b>	<b>551</b>
Cash and cash equivalents at the end of the year comprises:		
Balances with banks		
In current accounts	98	551
In EEFC accounts	19	-
	<b>117</b>	<b>551</b>

Refer note 33 for changes in lease liabilities arising from financing activities and for non-cash financing activities

The accompanying notes form an integral part of the financial statements

As per our report of even date attached

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

For and on behalf of the Board of Directors of  
Sonata Software Solutions Limited

Amrit Bhansali  
Partner  
Membership No. 065155

Jagannathan CN  
Director

Suresh H P  
Director

Place : Bengaluru  
Date : May 06, 2024

Place : Bengaluru  
Date : May 06, 2024

Place : Bengaluru  
Date : May 06, 2024

## SONATA SOFTWARE SOLUTIONS LIMITED

### Notes to the financial statements for the year ended March 31, 2024

#### 1 COMPANY OVERVIEW

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

The Company is a public limited company incorporated on Feb 24, 2020 and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. The financial statements have been approved for issue by the Company's Board of Directors on May 06, 2024.

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

#### 2 MATERIAL ACCOUNTING POLICIES

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

###### a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

###### b. Basis of measurement

The financial statements have been prepared on a historical cost convention, on going concern and on an accrual basis, except for certain financial instruments which are measured at fair values or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for sharebased payment transactions that are within the scope of Ind AS 102 Share-based Payments, leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as 'value in use', in Ind AS 36 Impairment of assets.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Company's normal operating cycle is twelve months

###### Current/ Non-current classification:

The Company classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- it expects to settle the liability in its normal operating cycle;;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

###### c. Functional and presentation currency

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

All amounts are rounded off to the nearest Rupees in Lakhs except per share data and unless otherwise indicated. Transactions and balances with value below rounding off norm adopted by the Company have been reflected as '-' in relevant notes to the financial statements (as applicable).

###### d. Use of judgement, estimates and assumptions

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

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

**SONATA SOFTWARE SOLUTIONS LIMITED****Notes to the financial statements for the year ended March 31, 2024****i) 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.

**ii) Contingent liabilities**

Refer note 2.2 (p)

**iii) Other estimates**

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

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

**2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES****a. Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use.

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

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

**b. Capital work-in-progress**

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

**c. 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 and office equipments on the written down method, as per the useful life prescribed in Schedule II of the Companies Act, 2013.

**Straight-line method**

Asset class	Useful life
Buildings	60 years
Plant and machinery (Hardware)	3 years
Plant and machinery (Others)	15 years
Lease hold land	lease period
Lease hold improvements	lease period

**Written down method**

Asset class	Depreciation rate
Furniture and fixtures	25.88%
Office equipments	45.07%

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

## SONATA SOFTWARE SOLUTIONS LIMITED

### Notes to the financial statements for the year ended March 31, 2024

#### d. Leases

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the a) contract involves the use of identified asset; b) Company has right to direct the use of the asset; c) the Company has substantially all the economic benefits from the use of asset through period of lease.

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

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

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

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than ₹ 500,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

#### 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 and book overdraft which are considered part of the Company's cash management system.

##### ii. Financial assets at fair value through other comprehensive income (FVTOCI)

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



**SONATA SOFTWARE SOLUTIONS LIMITED****Notes to the financial statements for the year ended March 31, 2024****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 at each reporting date with all changes recorded in the statement of profit and loss.

**Non-derivative financial liabilities****Financial liabilities at amortised cost**

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

**Financial liabilities at FVTPL**

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

**Derivative financial instruments and hedging activities**

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

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

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion of changes in the fair value of the derivative is recognised in the statement of profit and loss.

Amounts accumulated in hedging reserve are reclassified to the statement of profit and loss in the periods when the hedged item affects the statement of profit and loss.

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

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in statement of changes in equity is recognised in the statement of profit and loss.

**Offsetting financial instruments**

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

**Derecognition of financial instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

**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.

## SONATA SOFTWARE SOLUTIONS LIMITED

### Notes to the financial statements for the year ended March 31, 2024

#### 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 government administered provident fund. The employer and employees each make periodic contributions to the government administered provident fund. A portion of the contribution is made to the government administered provident fund while the remainder of the contribution is made to the pension fund.

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

Liabilities with regard to the Gratuity plan are determined by actuarial valuation performed by an independent actuary, at each Balance Sheet date using projected unit method. The Company fully contributes all ascertained liabilities to a trust managed by the Trustees of Sonata Software Limited Gratuity Fund. The Trustees administers the contributions made to the Trust. The fund's investments are managed by certain insurance 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.

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

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

#### Short-term employee benefits

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

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

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

#### Long-term employee benefits

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

The obligations of compensated absences are presented as current liabilities in the balance sheet of the Company as the Company does not have an unconditional right to defer this settlement for at least 12 months from reporting date.

#### g. 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.

## SONATA SOFTWARE SOLUTIONS LIMITED

### Notes to the financial statements for the year ended March 31, 2024

#### 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.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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

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

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

#### i. 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.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### j. 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 when services are rendered and related costs are incurred. 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.

##### b) Fixed-price contracts

The Company applies the percentage of completion method in accounting for fixed price contracts. Use of the percentage of completion method requires the Company to estimate the efforts or costs expended to date (input method) as a proportion of the total efforts or costs to be expended. Efforts or costs expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on the expected contract estimates at the reporting date.

'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.

Judgement is also required to determine the transaction price for the contract and to ascribe the transaction price to each distinct performance obligation. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

**SONATA SOFTWARE SOLUTIONS LIMITED****Notes to the financial statements for the year ended March 31, 2024**

For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price. In cases where the Company is unable to determine the standalone selling price, the Company uses the expected cost plus margin approach in estimating the standalone selling price. Fixed Price Development contracts and related services, the performance obligation are satisfied as and when the services are rendered since the customer generally obtains control of the work as it progresses.

Contract modifications are accounted for when additions, deletions or changes are approved either to the contract scope or contract price. The accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Services added that are not distinct are accounted for on a cumulative catch up basis, while those are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

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.

**c) Maintenance Contracts**

Revenue from fixed price maintenance contracts is recognised based on the right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If invoicing is not consistent with value delivered, revenue is recognized as the services are performed. When services are performed through an indefinite number of repetitive acts over a specified period, revenue is recognised on a straight-line basis over the specified period unless some other method better represents the manner in which services are performed.

Revenue is measured based on the transaction price, which is the consideration, adjusted for discounts and pricing incentives, if any, as specified in the contract with the customer. Sales tax / Value Added Tax (VAT) / Goods and Services Tax ('GST') is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity / service rendered by the seller on behalf of the Government. Accordingly, it is excluded from revenues.

**Contract assets and contract liabilities**

Contract asset represent cost and earnings in excess of billings as at the end of the reporting period. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liabilities(Unearned revenues) represent billing in excess of revenue recognized.

**k. Dividend :**

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

**l. Foreign currency transactions and translations**

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions.

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

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

For the purposes of presenting the financial statements assets and liabilities of Company'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. Exchange differences arising, if any, are recognized in other comprehensive income and held in foreign currency translation reserve ('FCTR'), a component of equity. When a foreign operation is disposed off, the relevant amount recognized in FCTR is transferred to the statement of profit or loss as part of the profit or loss on disposal.

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

**m. Finance income and expense**

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

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

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

## SONATA SOFTWARE SOLUTIONS LIMITED

### Notes to the financial statements for the year ended March 31, 2024

#### n. Impairment

##### a) Financial assets :

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

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

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

##### b) Non-financial assets

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

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

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

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

#### o. Earnings per share

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

#### p. Contingent Liabilities

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

#### q. Events after the reporting period

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

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

## 2.3 Recent pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

**SONATA SOFTWARE SOLUTIONS LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**
**3 . Property, plant and equipment**

₹ in Lakhs

<b>Tangible assets</b>					
<b>Particulars</b>	<b>Office equipments</b>	<b>Leasehold improvements</b>	<b>Furniture and fixtures</b>	<b>Plant and equipments</b>	<b>Total</b>
<b>Cost</b>					
<b>As at April 1, 2022</b>	-	-	-	206	206
Additions	254	829	175	429	1,687
Disposal / Write off	-	-	-	-	-
Translation difference	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>254</b>	<b>829</b>	<b>175</b>	<b>635</b>	<b>1,893</b>
<b>As at April 1, 2023</b>	<b>254</b>	<b>829</b>	<b>175</b>	<b>635</b>	<b>1,893</b>
Additions	21	50	16	266	353
Disposal / Write off	-	-	-	-	-
Translation difference	-	-	-	-	-
<b>As at March 31, 2024</b>	<b>275</b>	<b>879</b>	<b>191</b>	<b>901</b>	<b>2,246</b>
<b>Accumulated Depreciation</b>					
<b>As at April 1, 2022</b>	-	-	-	27	27
Depreciation charge during the year	22	48	9	157	236
Depreciation on disposals / write off	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>22</b>	<b>48</b>	<b>9</b>	<b>184</b>	<b>263</b>
<b>As at April 1, 2023</b>	<b>22</b>	<b>48</b>	<b>9</b>	<b>184</b>	<b>263</b>
Depreciation charge during the year	110	270	45	247	672
Depreciation on disposals / write off	-	-	-	-	-
Translation difference	-	-	-	-	-
<b>As at March 31, 2024</b>	<b>132</b>	<b>318</b>	<b>54</b>	<b>431</b>	<b>935</b>
<b>Net carrying value</b>					
<b>As at March 31, 2024</b>	<b>143</b>	<b>561</b>	<b>137</b>	<b>470</b>	<b>1,311</b>
<b>As at March 31, 2023</b>	<b>232</b>	<b>781</b>	<b>166</b>	<b>451</b>	<b>1,630</b>

The breakup for depreciation is given below:

₹ in Lakhs

<b>Particulars</b>	<b>For the year ended March 31, 2024</b>	<b>For the year ended March 31, 2023</b>
Depreciation of property, plant and equipment	672	236
Depreciation of right on use assets (refer note 33)	229	229
<b>Total</b>	<b>901</b>	<b>465</b>

The additions of plant and equipments in the current financial year includes the transfer from capital work in progress of ₹ 80 Lakhs out of the balance as on March 31, 2023

**3.1 . Capital work-in-progress**

₹ in Lakhs

<b>Particulars</b>	<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
<b>Opening balance</b>	<b>80</b>	-
Additions during the year	-	80
Transferred to property, plant and equipment	(80)	-
<b>Closing balance</b>	<b>-</b>	<b>80</b>

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

₹ in Lakhs

<b>Particulars</b>	<b>CWIP for a period of</b>				<b>Total</b>
	<b>Less than 1 Year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>More than 3 years</b>	
<b>Projects in Progress:</b>					
As at March 31, 2024	-	-	-	-	-
As at March 31, 2023	80	-	-	-	80

As on the date of the balance sheet, there are no capital work-in-progress whose completion is overdue or has exceeded the cost, based on approved plan.

**SONATA SOFTWARE SOLUTIONS LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
<b>4 : Other financial assets (Carried at amortised cost, unless otherwise stated)</b>		
Unsecured, considered good		
Security deposits	257	257
Other assets	4	-
<b>Total</b>	<b>261</b>	<b>257</b>
<b>5 : Other non-current assets</b>		
Unsecured, considered good		
Prepaid expenses	19	6
<b>Total</b>	<b>19</b>	<b>6</b>

**Current**
**6.1 : Investments**
**Investments carried at fair value through profit and loss:**
**Investments in mutual funds (Quoted)**

	No of Units	₹ in Lakhs	No of Units	₹ in Lakhs
Tata Liquid Fund- Direct Plan-Growth Option	-	-	20,203	718
Mirae Asset Fixed Maturity Plan SR V Plan-1 -Growth	-	-	20,015,775	2,020
Mirae Asset Fixed Maturity Plan SR V Plan-2 -91 days Growth	-	-	18,384	502
HSBC Cash Fund -Growth Direct	-	-	4,999,750	412
<b>Total</b>		<b>-</b>		<b>3,652</b>
Aggregate amount of quoted investments		-		3,652
Aggregate market value of quoted investments		-		3,652
Investments carried at fair value though profit or loss		-		3,652

**6.2 : Trade receivables (Carried at amortised cost, unless otherwise stated)**

Unsecured \*

Billed

Considered good	5,132	6,249
Trade receivables - credit impaired	23	40
	5,155	6,289
Less : Allowances for credit losses	23	40
<b>Total</b>	<b>5,132</b>	<b>6,249</b>

\* No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Information about the Company's exposure to credit, liquidity and market risks, and impairment losses for trade receivables is included in note 25

**Trade receivable ageing schedule**

Particulars	Outstanding for the following period from due date of payments						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2024</b>							
Undisputed trade receivables - considered good	1,595	3,517	20	-	-	-	5,132
Undisputed Trade receivables - credit impaired	1	21	1	-	-	-	23
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Less : Allowance for credit losses	(1)	(21)	(1)	-	-	-	(23)
<b>Total</b>	<b>1,595</b>	<b>3,517</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,132</b>
<b>As at March 31, 2023</b>							
Undisputed trade receivables - considered good	1,479	4,759	11	-	-	-	6,249
Undisputed Trade receivables - credit impaired	-	-	-	-	40	-	40
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Less : Allowance for credit losses	-	-	-	-	(40)	-	(40)
<b>Total</b>	<b>1,479</b>	<b>4,759</b>	<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,249</b>

**6.3 : Cash and cash equivalents**

Balances with banks

In current accounts	98	551
In EEFC accounts	19	-
<b>Total</b>	<b>117</b>	<b>551</b>

**6.4 : Bank balances other than above**

Bank deposits with original maturity of more than three months but less than 12 months

	2,473	-
<b>Total</b>	<b>2,473</b>	<b>-</b>

**SONATA SOFTWARE SOLUTIONS LIMITED**  
**Notes to the financial statements for the year ended March 31, 2024**

	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>6.5 : Other financial assets (Carried at amortised cost, unless otherwise stated)</b>		
Unsecured, considered good		
Advances recoverable from related party (Refer note 32)	10	1
Security deposits	3	-
Interest accrued but not due on bank deposits	-	-
Fair value of forward contracts (Refer note 23 & 24)	8	33
Other assets	78	-
<b>Total</b>	<b>99</b>	<b>34</b>

Information about the Company's exposure to credit, liquidity and market risks for other financial assets are included in note 25

<b>7 : Other current assets</b>		
Unsecured, considered good		
Advances to employees	7	7
Prepaid expenses	26	8
Balances with government authorities		
GST credit receivable	16	-
Other recoverables	21	20
<b>Total</b>	<b>70</b>	<b>35</b>

**8 : Equity share capital**

**Authorized**

150,000 equity shares of face value ₹ 10/- each	<b>15</b>	<b>15</b>
(As at March 31, 2023 - 150,000 equity shares of face value ₹ 10/- each)		

**Issued**

10,000 equity shares of face value ₹ 10/- each fully paid-up	<b>1</b>	<b>1</b>
(As at March 31, 2023 - 10,000 equity shares of face value ₹ 10/- each)		

**Subscribed and paid-up**

10,000 equity shares of face value ₹ 10/- each fully paid-up	1	1
(As at March 31, 2023 - 10,000 equity shares of face value ₹ 10/- each)		

<b>Total</b>	<b>1</b>	<b>1</b>
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Refer note (i) to (vii) below

**Notes :**

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

	As at March 31, 2024		As at March 31, 2023	
	No of shares	₹ in Lakhs	No of shares	₹ in Lakhs
Equity shares with voting rights				
Number of shares outstanding at the beginning of the year	10,000	1	10,000	1
Add: Shares issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	<b>10,000</b>	<b>1</b>	<b>10,000</b>	<b>1</b>

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

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

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

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

**iii) Details of shares held by Holding Company**

Equity shares with voting rights		
Sonata Software Limited (Holding Company) and its nominees	10,000	10,000
% of holding	100	100

**iv) Details of shares held by each shareholder holding more than 5% shares**

Sonata Software Limited (Holding Company) and its nominees		
No. of shares held	10,000	10,000
% of holding	100	100

**v) Details of shares held by each promoter**

Sonata Software Limited (Holding Company) and its nominees		
No. of shares held	10,000	10,000
% of holding	100	100



	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>vi) Distributions of dividend</b>		
During the year ended March 31, 2024, on account of final dividend for fiscal 2023 the Company has incurred a net cash outflow of ₹ 4,400 lakhs and interim dividend of ₹ 4,400 lakhs for fiscal 2024.		
<b>vii) Equity shares movement during the 5 years preceeding March 31, 2024</b>		
No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the reporting date. No shares are reserved for issue under contract or commitment for sale or disinvestment.		
<b>9 : Other equity</b>		
<b>Retained earnings</b>		
Opening balance	13,619	4,908
Profit for the year	7,345	8,711
Less :		
Dividend paid	8,800	-
<b>Closing balance</b>	<b>12,164</b>	<b>13,619</b>
Retained earning comprises of the amounts that can be distributed as dividends to its equity share holders.		
<b>Remeasurement of the defined benefit plans</b>		
Opening balance	(12)	(8)
For the year, (net of tax)	(13)	(4)
<b>Closing balance</b>	<b>(25)</b>	<b>(12)</b>
The remeasurement of (loss) / gain on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss recognised in other comprehensive income.		
<b>Effective portion of cash flow hedges</b>		
Opening balance	(8)	-
Exchange differences on cash flow hedges, (net of tax)	3	(8)
<b>Closing balance</b>	<b>(5)</b>	<b>(8)</b>
The effective portion of changes in the fair value of dervatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income.		
<b>Total</b>	<b>12,134</b>	<b>13,599</b>
<b>Non current liabilities</b>		
<b>10 : Lease liabilities</b>		
Lease liabilities (Refer note 33)	2,990	3,051
<b>Total</b>	<b>2,990</b>	<b>3,051</b>
<b>Current liabilities</b>		
<b>11.1 : Lease liabilities</b>		
Lease liabilities (Refer note 33)	363	347
<b>Total</b>	<b>363</b>	<b>347</b>
<b>11.2 : Trade payables</b>		
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 22)	1	5
Total outstanding dues of creditors other than micro and small enterprises - other than acceptances	110	180
<b>Total</b>	<b>111</b>	<b>185</b>

\* No trade payable are due to directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other payables are due to firms or private companies respectively in which any director is a partner, a director or a member.

Information about the Company's exposure to credit, liquidity and market risks for trade payables are included in note 25

**Trade payables ageing schedule**

Particulars	Outstanding for the following period from due date of payments						Total
	Accrued expenses	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2024</b>							
Total outstanding dues of micro enterprises and small enterprises	-	0	1	-	-	-	1
Total outstanding dues of creditors other than micro enterprises and small enterprises	83	8	17	1	1	-	110
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>83</b>	<b>8</b>	<b>18</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>111</b>
<b>As at March 31, 2023</b>							
Total outstanding dues of micro enterprises and small enterprises	-	3	2	-	-	-	5
Total outstanding dues of creditors other than micro enterprises and small enterprises	-	80	99	-	1	-	180
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>83</b>	<b>101</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>185</b>

**11.3 : Other financial liabilities**

Payable on acquisition of property, plant and equipment	107	148
Reimbursable expenses payable to related party (Refer note 32)	81	2
Fair value of forward contracts (Refer note 23 & 24)	10	83
<b>Total</b>	<b>198</b>	<b>233</b>

Information about the Company's exposure to credit, liquidity and market risks for other financial liabilities are included in note 25

**12 : Other current liabilities**

Gratuity payable (net) (Refer note 27)	18	23
Other payables		
Statutory remittances	62	69
Other liabilities	2	2
<b>Total</b>	<b>82</b>	<b>94</b>

**13 : Provisions**

Provision for employee benefits - Compensated absences (Refer note 27)	48	55
<b>Total</b>	<b>48</b>	<b>55</b>

**14 : Current tax liabilities (net)**

Provision for tax (net of advance tax ₹ 1,638 (for March 31, 2023 is ₹ 1,640))	51	49
<b>Total</b>	<b>51</b>	<b>49</b>

**SONATA SOFTWARE SOLUTIONS LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

₹ in lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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**15A: Income taxes**

The income tax asset is ₹ 332 Lakhs (net of provision for tax of ₹ 1,989 Lakhs) as at March 31, 2024 and ₹ 14 Lakhs (net of provision for tax of ₹ 702 Lakhs) as at March 31, 2023

**(a) Income tax expense in the statement of profit and loss consists of:**
**Current Tax:**

In respect of current year	1,287	1,522
In respect of prior years	-	33

**Deferred Tax:**

In respect of current year	(1,287)	(1,520)
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**Total Income tax expense recognised in the statement of profit and loss**

-	<b>35</b>
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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	7,345	8,746
Enacted income tax rate in India	27.82%	27.82%
Computed expected tax expense	2,043	2,433

**Effect of:**

Income exempt from tax	(2,043)	(2,527)
Others	-	129

**Income tax expense recognised in the statement of profit and loss**

-	<b>35</b>
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The applicable Indian corporate statutory tax rate for the year ended March 31, 2024 is 27.82% (year ended March 31, 2023 is 27.82%)

The Company is having unit in Bengaluru registered as Special Economic Zone (SEZ) units, which is entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961.

Under the Income-tax Act, 1961, SSSL is liable to pay Minimum Alternate Tax (MAT) in the tax holiday period. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised

**15B : Deferred tax assets (net)**
**Deferred tax assets / (liabilities) as at March 31, 2024 in relation to:**

₹ in lakhs

Particulars	As at April 1, 2023	Recognised in profit & loss	Recognised in other comprehensive income	As at March 31, 2024
MAT credit entitlement	2,128	1,287	-	3,415
Fair value through other comprehensive income	1	-	-	1
<b>Total</b>	<b>2,129</b>	<b>1,287</b>	<b>-</b>	<b>3,416</b>

**Deferred tax assets / (liabilities) as at March 31, 2023 in relation to:**

₹ in lakhs

Particulars	As at April 1, 2022	Recognised in profit & loss	Recognised in other comprehensive income	As at March 31, 2023
MAT credit entitlement	608	1,520	-	2,128
Fair value through other comprehensive income	1	-	-	1
<b>Total</b>	<b>609</b>	<b>1,520</b>	<b>-</b>	<b>2,129</b>

**SONATA SOFTWARE SOLUTIONS LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

	₹ in Lakhs	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>16.1 : Revenue from operations</b>		
Revenue from software services (Refer note 20)	14,335	15,382
<b>Total</b>	<b>14,335</b>	<b>15,382</b>
<b>16.2 : Other income</b>		
Interest income	109	-
Net gain on current investments	69	82
Net gain on derivatives carried at fair value through profit or loss	111	(63)
Net gain on foreign currency transactions	81	310
Other non-operating income		
Miscellaneous income	1	-
<b>Total</b>	<b>371</b>	<b>329</b>
<b>17 : Employee benefits expense</b>		
Salaries, wages and bonus	5,164	5,398
Contributions to provident and other funds (Refer note 27)	282	305
Staff welfare expenses	41	27
<b>Total</b>	<b>5,487</b>	<b>5,730</b>
<b>18 : Finance costs</b>		
Interest expense on:		
Inter corporate borrowings (Refer note 32)	1	-
Lease rental discounted (Refer note 33)	320	323
Others	-	1
Other borrowing costs	1	1
<b>Total</b>	<b>322</b>	<b>325</b>
<b>19 : Other expenses</b>		
Power and fuel	48	18
Rent	44	16
Repairs and maintenance - Buildings	16	-
Repairs and maintenance - Machinery	10	17
Insurance	69	98
Rates and taxes	13	-
Communication cost	42	45
Facility maintenance	139	96
Travelling and conveyance expenses	15	9
Professional and technical fees	57	38
Insourcing professional fees	28	(27)
Software license fees	18	-
Expenditure on corporate social responsibility (Refer note 30)	92	53
Payments to auditors (refer note below)	8	5
Impairment loss/(gain) recognised on trade receivable	23	38
Miscellaneous expenses	29	39
<b>Total</b>	<b>651</b>	<b>445</b>
Note - Payments to auditors comprises (net of input credit):		
Statutory audit	7	5
Reimbursement of expenses	1	-
	<b>8</b>	<b>5</b>

## 20 Revenue from software services

### Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2024 by contract type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

₹ in lakhs

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	India	Other than India	India	Other than India
Time and material	-	14,335	-	7,175
Fixed price	-	-	-	8,207
<b>Total</b>	-	<b>14,335</b>	-	<b>15,382</b>

## 21 Capital commitments

₹ in lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Estimated amount of contracts remaining to be executed on capital account and not provided	2	83

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2024 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act. This information as required under Micro, small and medium enterprises development Act 2006 [MSMED] has been determined to the extent such parties have been identified on the basis of information available with the Company are as below:

₹ in lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1	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	-	-

## 23 Financial instruments

The carrying value of financial instruments by categories as at March 31, 2024 is as follows:

₹ in lakhs

Particulars	Note No.	Fair value through profit and loss	Fair value through other comprehensive income	Amorised cost	Total Carrying value
<b>Financial assets</b>					
Security deposits	4	-	-	257	257
Trade receivables	6.2	-	-	5,132	5,132
Cash and cash equivalents	6.3	-	-	117	117
Bank balance other than above	6.4	-	-	2,473	2,473
Other financial assets	4 & 6.5	-	-	95	95
Forward contracts	6.5	4	4	-	8
<b>Total assets</b>		<b>4</b>	<b>4</b>	<b>8,074</b>	<b>8,082</b>
<b>Financial liabilities</b>					
Trade payables	11.2	-	-	111	111
Lease liabilities	10 & 11.1	-	-	3,353	3,353
Other financial liabilities	11.3	-	-	188	188
Forward contracts	11.3	-	10	-	10
<b>Total liabilities</b>		<b>-</b>	<b>10</b>	<b>3,652</b>	<b>3,662</b>

The carrying value of financial instruments by categories as at March 31, 2023 is as follows:

₹ in lakhs

Particulars	Note No.	Fair value through profit and loss	Fair value through other comprehensive income	Amorised cost	Total Carrying value
<b>Financial assets</b>					
Security deposits	4	-	-	257	257
Investment in mutual fund (quoted)	6.1	3,652	-	-	3,652
Trade receivable	6.2	-	-	6,249	6,249
Cash and cash equivalents	6.3	-	-	551	551
Other financial assets	6.5	-	-	34	34
Forward contracts	6.5	33	-	-	33
<b>Total</b>		<b>3,685</b>	<b>-</b>	<b>7,091</b>	<b>10,776</b>
<b>Financial liabilities</b>					
Trade payables	11.2	-	-	185	185
Lease liabilities	10 & 11.1	-	-	3,398	3,398
Other financial liabilities	11.3	-	-	150	150
Forward contracts	11.3	42	41	-	83
<b>Total</b>		<b>42</b>	<b>41</b>	<b>3,733</b>	<b>3,816</b>

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, inter corporate deposits and other current financials 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, 2024, 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.

**24 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, 2024 and March 31, 2023.

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

Particulars	Fair value as at		Fair value hierarchy
	As at March 31, 2024	As at March 31, 2023	
Investment in mutual funds	-	3,652	Level 1
Foreign currency forward contracts (assets)	8	33	Level 2
Foreign currency forward contracts (liabilities)	10	83	Level 2

₹ in lakhs

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

**Valuation techniques and significant unobservable inputs:**

The following tables show the valuation techniques used in measuring Level 2 fair values for financial instruments in the balance sheet.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.	Not applicable	Not applicable

**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.

The following table summarizes the activities in the statement of profit and loss and other comprehensive income:

Particulars	Year ended	
	March 31, 2024	March 31, 2023
<b>Derivatives in hedging relationships</b>		
Effective portion of gain or (loss) recognized in OCI on derivatives	3	(8)
Effective portion of gain or (loss) reclassified from OCI into statement of profit and loss as "revenue"	-	-

₹ in lakhs

The following table summarizes the activity in the accumulated 'Other comprehensive income' within equity related to all derivatives classified as cash flow hedges:

Particulars	Year ended	
	March 31, 2024	March 31, 2023
Balance at the beginning of the year	(8)	-
Unrealized gain or (loss) on cash flow hedging derivatives during the year	3	(8)
Net gain reclassified into statement of profit and loss on occurrence of hedged transactions	-	-
Deferred tax liability	-	-
Cash flow hedging reserve (net of tax)	(5)	(8)

₹ in lakhs

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

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
	Amount in lakhs		₹ in Lakhs	
<b>Designated derivative instruments (Sell):</b>				
In USD	141	129	11,861	10,796
In GBP	-	3	-	313

The foreign exchange forward contracts mature anywhere upto 18 months. The table below analyzes the derivative financial instruments into relevant maturity groupings based on the remaining period as at the reporting date:

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
	Amount in lakhs		₹ in Lakhs	
<b>Designated derivative instruments (Sell):</b>				
<b>Less than 3 months</b>				
In USD	27	24	2,260	2,003
in GBP	-	-	-	-
<b>More than 3 months</b>				
In USD	114	105	9,601	8,793
in GBP	-	3	-	313

Average rate of coverage	As at March 31, 2024		As at March 31, 2023	
	Amount in Lakhs	Weighted average rate (₹)	Amount in Lakhs	Weighted average rate (₹)
USD	141	84.12	129	83.45
GBP	-	-	3	104.20

## 25 Financial risk management

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

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

### i) 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

Management considers that the demographics of the Company's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. Exposures to customers outstanding at the end of each reporting year are reviewed by the company to determine incurred and expected credit losses. Historical trend of impairment of trade receivables do not reflect any significant credit losses. Basis this assessment, the allowance for doubtful trade receivables as at March 31, 2024 is considered adequate.

The following table gives details in respect of revenues generated from customers having more than 10% of total revenue:

Particulars	₹ in Lakhs	
	For the year ended	
	March 31, 2024	March 31, 2023
Revenue from customer having more than 10% of total revenue	10,934	11,891

### Geographic concentration of credit risk

Geographic concentration of trade receivables and allowance for credit loss is as follows:

Particulars	As at March 31, 2024		As at March 31, 2023	
	India	Other than India	India	Other than India
Trade receivables (Billed)	-	5,155	-	6,289
Allowance for credit loss	-	23	-	40
% of credit loss to trade receivables	-	0.45%	-	0.64%

### Expected credit loss

The Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At regular intervals, the historically observed default rates are updated and changes in forward-looking estimates are analysed. There are no trade receivables or other financial assets which have a significant increase in credit risk.



**Movement in allowances for credit losses**

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	40	-
Allowance for expected credit loss (net)	23	40
Bad debts written off during the year	(40)	-
<b>Balance at the end of the year</b>	<b>23</b>	<b>40</b>

**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.

**ii) Liquidity risk**

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short term investments provide liquidity in the short-term and long-term. In addition, the company has concluded arrangements with well reputed banks and also plans to negotiate additional facilities for funding as and when required. The company manages liquidity risk by maintaining adequate reserves, banking facilities.

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

The liquidity position of the Company is given below:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents	117	551
Bank balances other than above	2,473	-
Investments in mutual funds (quoted)	-	3,652
Trade receivables	5,132	6,249
Other financial assets	95	1
Derivative financial instruments - cash flow hedge	8	33
Other current assets	70	35

The table below provides details regarding the contractual maturities of financial liabilities as at March 31, 2024 and as at March 31, 2023:

₹ in Lakhs

Particulars	As at March 31, 2024		
	Less than 1 year	1-2 years	2 years & above
Trade payables	111	-	-
Lease liabilities	382	399	5,121
Other financial liabilities	188	-	-
Derivative financial instruments - cash flow hedge	10	-	-

Particulars	As at March 31, 2023		
	Less than 1 year	1-2 years	2 years & above
Trade payables	185	-	-
Lease liabilities	347	330	2,721
Other financial liabilities	150	-	-
Derivative financial instruments - cash flow hedge	83	-	-

**iii) Market risk****Foreign currency exchange rate 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 ₹ 119 lakhs increase and decrease in the Company's net profit as at March 31, 2024;

b) an approximately ₹ 270 lakhs increase and decrease in the Company's net profit as at March 31, 2023;

**SONATA SOFTWARE SOLUTIONS LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

The following table presents foreign currency risk from non-derivative financial instruments as at March 31, 2024 and as at March 31, 2023.

₹ in Lakhs

Exposure currency	USD	GBP	EUR	Other currencies*
<b>As at March 31, 2024</b>				
<b>Assets</b>				
Trade receivables	4,061	109	295	16
Cash and cash equivalents	12	1	6	-
<b>Liabilities</b>				
Trade payable	-	-	6	-
<b>Net assets/(liabilities)</b>	<b>4,073</b>	<b>110</b>	<b>295</b>	<b>16</b>

Exposure currency	USD	GBP	EUR	Other currencies*
<b>As at March 31, 2023</b>				
<b>Assets</b>				
Trade receivables	3,453	516	234	93
<b>Liabilities</b>				
Trade payable	28	-	4	-
<b>Net assets/(liabilities)</b>	<b>3,425</b>	<b>516</b>	<b>230</b>	<b>93</b>

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

For the year ended March 31, 2024, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.31%/ (0.31)%. For the year ended March 31, 2023, the impact on operating margins would be 0.27%/ (0.27)%.

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investments. The Company's investments are primarily short-term, which do not expose it to significant interest rate risk.

**26 Capital management**

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

The capital structure of the company consists of the following:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Total equity attributable to the equity share holders of the Company	12,135	13,600
As percentage of total capital	78%	80%
Total borrowings	-	-
Total lease liabilities	3,353	3,398
<b>Total borrowings and lease liabilities</b>	<b>3,353</b>	<b>3,398</b>
As a percentage of total capital	22%	20%
<b>Total capital (borrowings and equity)</b>	<b>15,488</b>	<b>16,998</b>

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.

**27 Employee benefit plans**
**i) Defined contribution plans**

In accordance with the law, all employees of the company are entitled to receive benefits under the provident and pension fund. The company has no obligation other than the contribution to the provident and pension fund.

**a) Provident fund**

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

Provident fund contributions amounting to ₹ 144 lakhs (for the year ended March 31, 2023 ₹ 190 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

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Superannuation (as part of contribution to provident fund and other funds in Note 17 Employee benefits expense)	84	75
National Pension Scheme (as part of contribution to provident fund and other funds in Note 17 employee benefits expense)	7	5
Other defined contribution plans (as part of contribution to provident fund and other funds in Note 17 employee benefits expense)	5	0

**ii) Defined benefit plans - Gratuity**

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. The fund is managed by a trust which is governed by the Board of Trustees. The Board of Trustees are responsible for the administration of the plan assets and for the definition of the investment strategy. These defined benefit plan expose the Company to actuarial risks, such as interest rate risk, salary escalation risk, demographic risk etc.

**Gratuity is a defined benefit plan and Company is exposed to the following Risks:**

**Interest rate risk:** A fall in the discount rate which is linked to the government securities rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset liability matching (ALM) risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration risk:** Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very low as insurance companies have to follow stringent.

**As per valuation**

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

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate(s)	7.20%	7.39%
Expected rate(s) of salary increase	5.00%	5.00%
Expected return on plan assets	7.20%	7.39%
Employee turnover	For service 4 years and below 25.00% p.a. For service 5 years and above 10.00% p.a.	For service 4 years and below 25.00% p.a. For service 5 years and above 10.00% p.a.
Retirement age	60 years	60 years
Mortality rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
<b>Service Cost:</b>		
Current service cost	40	35
Net interest expense	2	-
<b>Components of defined benefit costs recognised in profit or loss</b>	<b>42</b>	<b>35</b>
<b>Remeasurement on the net defined benefit liability:</b>		
Return on plan assets (excluding amounts included in net interest expense)	13	1
Actuarial (gains) / losses arising from changes in financial assumptions	2	(7)
Actuarial (gains) / losses arising from changes in demographic assumptions	-	-
Actuarial (gains) / losses arising from experience adjustments	(2)	10
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>13</b>	<b>4</b>

₹ in Lakhs

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.

**SONATA SOFTWARE SOLUTIONS LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

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

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
The amount included in the balance sheet arising from the Company's obligation in respect of its defined benefit plans is as follows:		
Present value of funded defined benefit obligation	(118)	(72)
Fair value of plan assets	100	49
<b>Net (liability) / assets arising from defined benefit obligation</b>	<b>(18)</b>	<b>(23)</b>
<b>Movements in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	72	33
Current service cost	40	34
Interest cost	6	2
<b>Remeasurement (gains)/losses:</b>		
Actuarial gains and losses arising from changes in financial assumptions	2	(7)
Actuarial (gains) / losses arising from experience adjustments	(2)	10
<b>Closing defined benefit obligation</b>	<b>118</b>	<b>72</b>
<b>Movements in the fair value of the plan assets are as follows:</b>		
Opening fair value of plan assets	49	26
Interest income	4	2
Return on plan assets (excluding amounts included in net interest expense)	-	-
Contributions from the employer	61	22
Benefits paid	-	-
Return on plan assets, excluding interest income	(14)	(1)
<b>Closing fair value of plan assets</b>	<b>100</b>	<b>49</b>

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

Particulars	As at March 31, 2024	As at March 31, 2023
Insurer managed funds	100%	100%
Category of funds:		
Secure fund	49.00%	50.00%
Defensive fund	25.00%	25.00%
Balanced fund	26.00%	25.00%
Stable fund	0.00%	0.00%

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

₹ in Lakhs

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(9)	11	7	6
Future salary growth (1% movement)	11	(10)	7	6
Employee turnover rate (1% movement)	(2)	2	2	2

The Company expects to contribute ₹ 62 lakhs to its defined benefit plans during the next fiscal year.

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

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

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

**Experience adjustments:**

₹ in Lakhs

Particulars	As at	As at	As at
	March 31, 2024	March 31, 2023	March 31, 2022
Present value of defined benefit obligation	118	72	33
Fair value of plan assets	100	50	27
Surplus / (deficit)	(18)	(23)	(6)
Experience adjustments on plan liabilities - (gain)/losses	(2)	10	12
Return on plan assets, excluding interest income	(14)	(1)	-

## Maturity profile of defined benefit obligation:

₹ in Lakhs

Particulars	As at	As at
	March 31, 2024	March 31, 2023
Within 1 year	-	-
1-2 years	1	-
2-3 years	12	1
3-4 years	15	8
4-5 years	15	10
5 years and Above	208	147

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.

## iii ) Other employee benefits - Compensated absences

## As per valuation

The compensated absence obligations includes the Company's liability for earned leave and sick leave.

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

Particulars	As at March 31, 2024	As at March 31, 2023
Discount rate(s)	7.20%	7.35%
Expected rate(s) of salary increase	5.00%	5.00%
Employee turnover	For service 4 years and below 25.00% p.a. For service 5 years and above 10.00% p.a.	For service 4 years and below 25.00% p.a. For service 5 years and above 10.00% p.a.
Mortality Rate	Indian assured lives mortality 2012-14	Indian assured lives mortality 2012-14
Retirement age	60 years	60 years
Leave availment (%)	2%	2%

The amount included in the balance sheet arising from the Company's obligation in respect of its compensated absences is as follows:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Current liability	48	55
<b>Present value of compensated absences</b>	<b>48</b>	<b>55</b>

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

₹ in Lakhs

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(3)	3	(3)	3
Future salary growth (1% movement)	3	(3)	3	(3)
Withdrawal rate (1% movement)	(3)	4	(4)	4

## Maturity profile of compensated absences:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Within 1 year	9	11
1-2 years	7	9
2-3 years	5	7
3-4 years	5	5
4-5 years	4	4
5 years and above	18	19

**28 Segment reporting**

The Company is engaged in the business of software/hardware products and licenses including related services in India which constitutes a single business segment. The Company's operations outside India did not exceed the quantitative threshold for disclosure envisaged in Ind AS 108.

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

**29 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	Year ended	Year ended
	March 31, 2024	March 31, 2023
Profit after tax attributable to equity shareholders (a)	7,345	8,711
Weighted average number of equity shares outstanding during the year for basic EPS (b)	10,000	10,000
Weighted average number of equity shares outstanding during the year for diluted EPS (c)	10,000	10,000
Basic earning per share (a/b) (₹ in INR)	73,450	87,110
Diluted earning per share (a/c) (₹ in INR)	73,450	87,110

**30 Corporate social responsibility**

As per Section 135 of Companies Act, 2013 a company meeting the applicability threshold, needs to spend at least 2% of its average net profit of the immediately preceding three financial years on Corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Companies Act, 2013 . The CSR initiatives are focused towards diversity and inclusion, healthcare, education, water conservation, and wildlife conservation.

(i) Gross amount required to be spent by the Company during the year is ₹ 93 lakhs (Previous year is ₹ 52 lakhs).

(ii) Amount spent during the year is ₹ 92 lakhs (Previous year is ₹ 53 lakhs).

₹ in Lakhs

Particulars	For the year ended March 31, 2024			For the year ended March 31, 2023		
	In Cash	Yet to be paid in Cash	Total	In Cash	Yet to be paid in Cash	Total
Construction / acquisition of any asset	-	-	-	-	-	-
On purposes other than above	92	-	92	53	-	53
<b>Total</b>	<b>92</b>	<b>-</b>	<b>92</b>	<b>53</b>	<b>-</b>	<b>53</b>

(iii) Amount unspent is ₹ Nil (Previous year is ₹ Nil).

(iv) Excess amount spent:

₹ in Lakhs

Particulars	Year ended	Year ended
	March 31, 2024	March 31, 2023
Opening balance	(1)	-
Add: Amount required to be spent during the year	93	52
Less: Amount spent during the year	92	53
<b>Closing balance [short / (excess) spent]</b>	<b>-</b>	<b>(1)</b>

**SONATA SOFTWARE SOLUTIONS LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**
**31. Distributions made and proposed (Refer note 9) :**

The Board of Directors at their meeting held on May 06, 2024 had declared an final dividend of 230,000% (₹ 23,000 per equity share of par value of ₹ 10 each), which is subject to approval of shareholders. The Board of Directors at their meeting held on December 29, 2023 had declared an interim dividend of 440,000% (₹ 44,000 per equity share of par value of ₹ 10 each).

The Board of Directors at their meeting held on July 26, 2023 had declared an final dividend of 440,000% (₹ 44,000 per equity share of par value of ₹ 10 each).

**32. Related party disclosure**
**i) Details of related parties :**
**Description of relationship**
**Names of related parties**

a) Holding Company

Sonata Software Limited

b) Fellow subsidiaries

Sonata Information Technology Limited  
Sonata Software North America Inc.  
Sonata Europe Limited  
Interactive Business Information Systems Inc.<sup>1</sup>  
Sonata Australia Pty Ltd  
Sopris Systems LLC  
Sonata Software Intercontinental Limited  
Encore Software Services, Inc.  
Quant Systems Inc.  
Sonata Software Canada Limited

(c) Post-employment benefit plan (Refer note 27)

Sonata Software Limited Gratuity Fund  
Sonata Software Officers' Superannuation Fund

(d) Key management personnel (KMP)

Mr. Jagannathan Chakravarthi, Director  
Mr. Suresh H P, Director (from May 2, 2023)  
Mr. Satish Kumar Nuggu, Director (from May 2, 2023)

**ii) Transactions with related parties :**

₹ in lakhs

Particulars	Holding Company	Fellow Subsidiaries	Holding Company	Fellow Subsidiaries
	March 31, 2024	March 31, 2024	March 31, 2023	March 31, 2023
<b>Rendering of services</b>				
Sonata Software North America Inc.		10,934		11,891
Sonata Europe Limited		2,915		3,078
Interactive Business Information Systems Inc.		-		54
Sonata Australia Pty Ltd		138		168
Sopris Systems LLC		-		102
Sonata Software Intercontinental limited		237		89
Sonata Software Canada Limited		52		-
Encore Software Services, Inc.		48		-
Quant Systems Inc.		11		-
<b>Purchase of Software products, licenses and Project Fees</b>				
Sonata Information Technology Limited		30		-
<b>Reimbursement of expenses received</b>				
Sonata Software Limited	11		-	
Sonata Software North America Inc.		1		
<b>Reimbursement of expenses paid</b>				
Sonata Software Limited	38		-	
Sonata Information Technology Limited		27		-
Sonata Software North America Inc.		14		-
Sonata Europe Limited		32		

**SONATA SOFTWARE SOLUTIONS LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

<b>Inter-corporate loans given</b>				
Sonata Information Technology Limited		5,300		-
<b>Inter-corporate loans recovered</b>				
Sonata Information Technology Limited		5,300		-
<b>Inter-corporate borrowings received</b>				
Sonata Information Technology Limited		250		-
<b>Inter-corporate borrowings repaid</b>				
Sonata Information Technology Limited		250		-
<b>Interest Income on Inter-corporate borrowings</b>				
Sonata Information Technology Limited		28		-
<b>Interest expense on Inter-corporate borrowings</b>				
Sonata Information Technology Limited		1		-
<b>Dividend paid</b>				
Sonata Software Limited	8,800		-	

₹ in lakhs

Particulars	Holding Company	Fellow Subsidiaries	Holding Company	Fellow Subsidiaries
	March 31, 2024	March 31, 2024	March 31, 2023	March 31, 2023
<b>Balances outstanding at the end of the year</b>				
<b>Trade receivables (Gross carrying amount)</b>				
Sonata Software North America Inc.		4,722		5,346
Sonata Europe Limited		195		741
Sonata Australia Pty Ltd		15		69
Encore Software Services, Inc.		48		-
Quant Systems Inc.		10		-
Sonata Software Intercontinental Limited		156		93
Sonata Software Canada Limited		9		-
<b>Trade payables</b>				
Sonata Software Limited	-		28	
<b>Reimbursement of expenses receivable</b>				
Sonata Software Limited	6		-	
Sonata Software North America Inc.		1		1
Sonata Information Technology Limited		3		-
<b>Reimbursement of expenses payable</b>				
Sonata Software Limited	35		2	
Sonata Software North America Inc.		14		
Sonata Europe Limited		32		

<sup>1</sup> Interactive Business Information Systems Inc., in the US has been merged with Sonata Software North America, Inc., wholly-owned subsidiary of Sonata Software Limited on December 13, 2022.

**Terms and conditions with related party:**

1. The sales, purchases, loans given and received from related parties are made on terms equivalent to those that prevail in arm's length transactions.
2. Inter corporate deposits availed and given are unsecured, repayable on demand in cash, at an interest rate ranges between 8.5% - 9.9%.
3. Outstanding balance at year end are unsecured and settlement occurs in cash.



**SONATA SOFTWARE SOLUTIONS LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**
**33. Leases**

The company leases mainly comprise of buildings. The company leases buildings for operational purposes.

Following are the changes in the carrying value of right of use assets:

₹ in lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
	Buildings	Buildings
Balance at the beginning	2,977	3,206
Additions	-	-
Deletion	-	-
Depreciation for the year	(229)	(229)
<b>Balance at the end of the year</b>	<b>2,748</b>	<b>2,977</b>

Incremental borrowing rate used for discounting of lease liabilities is 9.46 % based on the lease term.

The following is the movement in lease liabilities:

₹ in lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	3,398	3,425
<b>Non-cash changes</b>		
Additions	-	-
Finance cost accrued during the year	320	323
Deletions	-	-
<b>Cash changes</b>		
Payment of lease liabilities	(365)	(350)
<b>Balance at the end of the year</b>	<b>3,353</b>	<b>3,398</b>

The following is the break-up of lease liabilities based on their maturities:

₹ in lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	363	347
Non-current lease liabilities	2,990	3,051
<b>Total</b>	<b>3,353</b>	<b>3,398</b>

**Contractual maturities of lease liabilities**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2024 on an undiscounted basis:

₹ in lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Not later than one year	382	365
Later than one year and not later than 5 years	1,706	1,633
Later than 5 years	3,814	4,269

The Company recognized the following income and expense in the statement of profit and loss pertaining to leased assets:

₹ in lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Finance cost on lease liabilities during the year	320	323
Depreciation on ROU assets	229	229
Rent expense pertaining to short-term lease (Refer note 19)*	44	16
<b>Total</b>	<b>593</b>	<b>568</b>

\* Pertains to rent on building, machinery and equipments does not qualify for lease recognition under Ind AS 116.

**SONATA SOFTWARE SOLUTIONS LIMITED****Notes to the financial statements for the year ended March 31, 2024****34. The table below provides financial ratios:**

Ratio/Measure	Methodology	For the year ended	For the year ended
		March 31, 2024	March 31, 2023
Current ratio	Current assets over current liabilities	9.25	11.28
Debt-equity ratio	Debt over total shareholders equity	0.28	0.25
Debt service coverage ratio	EBITDA over current debt	12.51	14.19
Return on equity ratio <sup>1</sup>	PAT over total average equity	0.57	0.94
Trade receivable turnover ratio	Revenue from operations over trade receivables	2.79	2.46
Trade payable turnover ratio <sup>2</sup>	Adjusted expenses over trade payables	55.30	33.38
Net capital turnover ratio	Revenue from operations over working capital	1.94	1.55
Net profit ratio	Net profit over revenue	0.51	0.57
Return on capital employed	EBIT over capital employed	0.52	0.56
Return on investment <sup>3</sup>	Interest income, net gain on sale of investments and net fair value gain over weighted average investments.	0.03	0.04

**Notes:**

EBITDA - Earnings before interest, taxes, depreciation and amortisation

PAT - Profit after taxes

EBIT - Earnings before interest and taxes.

Debt includes current and non-current lease liabilities.

Adjusted expenses derived from total expenses excluding depreciation and finance cost.

working capital derived from current assets in excess of current liabilities excluding borrowings &amp; lease liabilities.

**Explanation for variances exceeding 25%:**<sup>1</sup>Return of equity ratio is decreased on account of increase in average equity during the financial year 2023-24<sup>2</sup>Trade payable turnover ratio is increased on account of decrease in trade payables during the financial year 2023-24<sup>3</sup>Return on investment is reduced due to decrease in investments during the financial year 2023-24**35:** There is no amount due and outstanding as at balance sheet date to be credited to the Investor Education and Protection Fund.

**36:** No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

No funds have been received by the Company from any person or entity, including foreign entity (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**The accompanying notes form an integral part of the financial statements****As per our report of even date attached****For B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022

**For and on behalf of the Board of Directors of****Sonata Software Solutions Limited****Amrit Bhansali**

Partner

Membership No. 065155

**Jagannathan CN**

Director

**Suresh H P**

Director

Place : Bengaluru

Date : May 06, 2024

Place : Bengaluru

Date : May 06, 2024

Place : Bengaluru

Date : May 06, 2024

**ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED, CHENNAI**  
**Balance Sheet as at March 31, 2024**

		₹ in Lakhs	
	Note No.	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	138	128
Right-of-use assets	3	399	626
Other Intangible Assets	3	0	2
Other financial asset	4	63	59
Income tax assets (net)		113	333
Deferred tax assets (net)	23	47	29
Other non-current assets	5	0	0
<b>Total non-current assets</b>		<b>760</b>	<b>1,177</b>
<b>Current assets</b>			
<b>Financial assets</b>			
Investments	6	101	255
Trade receivables	7	199	-
Cash and cash equivalents	8	271	341
Other current assets	9	458	396
<b>Total current assets</b>		<b>1,029</b>	<b>992</b>
<b>Total assets</b>		<b>1,789</b>	<b>2,169</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	10	1	1
Other equity	11	932	960
<b>Total Equity</b>		<b>933</b>	<b>961</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Other financial liabilities	12	199	447
<b>Total non-current liabilities</b>		<b>199</b>	<b>447</b>
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
Trade payables	13		
Total outstanding dues of micro enterprises and small enterprises			
Total outstanding dues of creditors other than micro enterprises and small enterprises		61	35
Other financial liabilities	14	226	200
Other current liabilities	15	145	145
Provisions	16	225	180
Current tax liabilities (net)	17	-	200
<b>Total current liabilities</b>		<b>657</b>	<b>760</b>
<b>Total equity and liabilities</b>		<b>1,789</b>	<b>2,169</b>

See accompanying notes to the financial statements

For and on behalf of the Board of Directors of Encore IT Services Solutions Private Limited

  
Sankaran Kandasamy  
Director  
DIN: 07674804

  
Hassan Prakash Suresh  
Director  
DIN: 10124549


Place: Chennai  
Date: May 2, 2024



As per our report of even date

For ESSVEEYAR

CHARTERED ACCOUNTANTS  
F.R.N:000808S

  
K. Sekar  
PARTNER  
Membership No. 028562



**ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED, CHENNAI**  
**Statement of Profit and Loss for the year ended March 31, 2024**

		₹ in Lakhs	
	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>REVENUE</b>			
Revenue from operations	17	8,581	6,282
Other income	18	28	27
<b>Total income</b>		<b>8,609</b>	<b>6,309</b>
<b>EXPENSES</b>			
Employee benefits expense	19	6,154	4,716
Finance costs	20	52	22
Depreciation and amortization expense	3	273	285
Other expenses	21	668	451
<b>Total expenses</b>		<b>7,147</b>	<b>5,474</b>
<b>Profit before tax</b>		<b>1,462</b>	<b>836</b>
<b>Tax expense</b>			
Current tax		376	200
Deferred tax		-10	-2
<b>Net tax expense</b>		<b>366</b>	<b>198</b>
<b>Profit for the year</b>		<b>1,096</b>	<b>638</b>
<b>Other comprehensive income</b>			
1. Items that will not be reclassified to profit/(loss)			
(a) Remeasurement of defined benefit plans		-46	-28
(b) Income tax relating to items that will not be reclassified to profit/(loss)		12	7
		<b>-34</b>	<b>-22</b>
2. Items that will be reclassified to profit/(loss)			
(a) Fair value changes on derivatives designated as cash flow hedge, net		13	-11
(b) Income tax relating to Items that will be reclassified to profit/(loss)		-3	-
		<b>10</b>	<b>-11</b>
<b>Total comprehensive income</b>		<b>1,072</b>	<b>605</b>
Earning per share - (Face Value Rs. 100 per share)			
Basic (in Rs.)		10,728	6,059
Diluted (in Rs.)		10,728	6,059

See accompanying notes to the financial statements

For and on behalf of the Board of Directors of Encore IT Services Solutions Private Limited

  
Sankaran Kandasamy  
Director  
DIN: 07674804

  
Hassan Prakash Suresh  
Director  
DIN: 10124549


Place: Chennai  
Date: May 2, 2024



As per our report of even date

For ESSVEEYAR

CHARTERED ACCOUNTANTS  
F.R.N:000808S

  
K.Sekar  
PARTNER  
Membership No. 028562



ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED, Chennai  
Cash Flow Statement for the year ended March 31, 2024

	₹ in Lakhs	
	For year ended March 31, 2024	For year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Profit before tax	1,462	836
Adjustments for :		
Depreciation and amortization expense	273	53
Interest received on income tax refund	-8	0
Interest on Deposits	-1	(3)
Interest expense	52	0
Assets written off	23	7
Excess of carrying costs over fair value of current investments	-13	7
Unrealized foreign exchange (gain) / loss (net)	-	(43)
Operating profit before working capital changes	1,788	856
Adjustments for :		
Decrease/(increase) in trade receivables	(199)	18
Decrease/(increase) in other non current assets	0	(221)
Decrease/(increase) in other current assets	(63)	(93)
(Decrease)/increase in other financial assets	(4)	11
(Decrease)/increase in trade payables	26	10
(Decrease)/increase in other financial liabilities	(22)	(38)
(Decrease)/increase in other current liabilities	(46)	106
(Decrease)/increase in provisions	45	94
Cash generated from operations:	1,525	743
Direct taxes/advance tax (paid)/refund (net)	(341)	(182)
Net cash flow from / (used in) operating activities	(A) 1,184	561
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipments	(76)	(78)
Proceeds from sale of investments	171	0
Purchase of current investments	-	(138)
Interest received	1	3
Disposal of property, plant and equipments	2	1
Net cash flow from / (used in) investing activities	(B) 98	(211)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interim Dividend paid	(1,100)	0
Lease liability paid	(252)	(252)
Net cash flow from / (used in) financing activities	(C) (1,352)	(252)
Net increase/(decrease) in Cash and cash equivalents	(A+B+C) (70)	98
Opening Cash and cash equivalents	341	243
Closing Cash and cash equivalents	271	341
Cash and cash equivalents at the end of the period comprises:		
Cheques, drafts on hand	0	0
Balances with banks		
In Current accounts	271	341
Total	271	341

The Cashflow is prepared under the indirect method

For and on behalf of the Board of Directors of Encore IT Services Solutions Private Limited



Sankaran Kandasamy  
Director  
DIN: 07674804



Hassan Prakash Suresh  
Director  
DIN: 10124549

Place: Chennai  
Date: May 2, 2024



As per our report of even date

For ESSVEEYAR

CHARTERED ACCOUNTANTS  
F.R.N:0008085

  
K.Sekar  
PARTNER  
Membership No. 028562



ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED, Chennai

Statement of changes in equity

(a) Equity share capital

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	1	1
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	1	1
Changes in equity share capital during the year	-	-
Balance at the end of the year	1	1

(b) Other equity

₹ in Lakhs

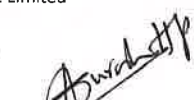
Particulars	Reserves and Surplus (Refer note 9)		Effective portion of cash flow hedges (Refer note 9)	Total Other Equity
	Retained earnings	Remeasurement of the defined benefit plans		
<b>Opening Balance</b>				
Balance as at April 1, 2022	658	9	-	667
Profit for the year	638	-	-	638
Income tax adjustment of earlier years	(12)	-	-	(12)
Other comprehensive income (net of tax)	-	(22)	-	(22)
<b>Total comprehensive income for the year</b>	626	(22)	-	604
Adjustments during the period				
Payment of cash dividends	(300)	-	-	(300)
MTM valuation	-	-	(11)	(11)
Dividend distribution tax	-	-	-	-
<b>Balance as at March 31, 2023</b>	984	(13)	(11)	960
<b>Balance as at April 1, 2023</b>	984	(13)	(11)	960
Profit for the year	1,096	-	-	1,096
MTM valuation	-	-	10	10
Other comprehensive income (net of tax)	-	(34)	-	(34)
<b>Total comprehensive income for the year</b>	2,080	(34)	10	1,072
Adjustments during the period				
Payment of cash dividends	(1,100)	-	-	(1,100)
<b>Balance as at March 31, 2024</b>	980	(47)	(1)	932

As per our report of even date attached

For and on behalf of the Board of Directors of Encore IT  
Services Solutions Private Limited



Sankaran Kandasamy  
Director  
DIN: 07674804




Hassan Prakash Suresh  
Director  
DIN: 10124549

Place: Chennai  
Date: May 2, 2024



For ESSVEEYAR

CHARTERED ACCOUNTANTS  
F.R.N:0008085



K. Sekar  
PARTNER  
Membership No. 028562



**ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED, Chennai**  
**Notes forming part of financial statements**

**1 COMPANY OVERVIEW**

Encore IT Services Solutions Private Limited ("ENIN" or the "Company") is a Company primarily engaged in the business of providing Information technology services and solutions to its customer in the United States of America.

The Company is a private limited company incorporated on April 15, 2009 and domiciled in India with its registered office at HTC Tower, 41, GST road, Guindy, Chennai Tamil Nadu, India, 600032 and operationally headquartered at Hyderabad. The financial statements have been approved for issue by the Company's Board of Directors on May 2, 2024.

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

**2 SIGNIFICANT ACCOUNTING POLICIES**

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

**a. Statement of compliance**

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter, as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the standalone financial statements.

**b. Basis of measurement**

The financial statements have been prepared on a historical cost convention and on an accrual basis, except for certain financial instruments which are measured at fair values or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as 'value in use', in Ind AS 36 Impairment of assets.

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's normal operating cycle is twelve months

Current/ Non-current classification

The Group classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- it expects to settle the liability in its normal operating cycle;;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

**c. Functional and presentation currency**

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

All amounts rounded off to the nearest Rs in Lakhs unless otherwise indicated.





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

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

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

**i) Income taxes**

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

**ii) Depreciation and amortisation**

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

**iii) Revenue Recognition**

Refer note 2.3(j)(b)

**iv) Expected credit losses on financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected timing of collection. The Company uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, customer's creditworthiness, existing market conditions as well as forward looking estimates at the end of each reporting period. The policy for the same has been explained under Note-2.3(n)

**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.

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

**2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use.

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.





**ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED, Chennai**  
**Notes forming part of financial statements**

**b. Depreciation/ Amortisation**

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

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

Asset class	Useful life
Plant and machinery (Computers)	3 years
Plant and machinery (Servers and other networking assets)	6 years
Furniture and fixtures	10 years
Office equipments	5 years

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

**c. Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangible assets for the current and comparative period are as follows:

Category	Useful Life
Computer software	5 years

**d. Leases**

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

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

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

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

**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, investments in mutual funds and eligible current and non-current assets.

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

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

**ii. Financial assets at fair value through other comprehensive income (FVTOCI)**

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

**iii. Financial assets at fair value through profit and loss (FVTPL)**

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

**Non-derivative financial liabilities**

**Financial liabilities at amortised cost**

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

**Financial liabilities at FVTPL**

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

**Derivative financial instruments and hedging activities**

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

The Company enters into derivative contracts to hedge the risks asserted with currency fluctuations relating to firm commitments and highly probable forecasted transactions. The Company does not use derivative instruments for speculative purposes. The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Company also documents its assessment, both at hedge inception and on an on-going basis, of whether the derivatives that are used in hedging transactions are effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion of changes in the fair value of the derivative is recognised in the statement of profit and loss. Amounts accumulated in hedging reserve are reclassified to the statement of profit and loss in the periods when the hedged item affects the statement of profit and loss.

The fair value of a hedging derivative is classified as a current/ non-current, asset or liability based on the remaining maturity of the hedged item. When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in statement of changes in equity is recognised in the statement of profit and loss.



**ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED, Chennai**  
**Notes forming part of financial statements**

**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 government administered provident fund. The employer and employees each make periodic contributions to the government administered provident fund. A portion of the contribution is made to the government administered provident fund while the remainder of the contribution is made to the pension fund.

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

Liabilities with regard to the Gratuity plan are determined by actuarial valuation performed by an independent actuary, at each Balance Sheet date using projected unit method. The Company fully contributes all ascertained liabilities to a trust managed by the Trustees of Sonata Software Limited Gratuity Fund. The Trustees administer the contributions made to the Trust. The fund's investments are managed by certain 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.

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

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

**Short-term employee benefits**

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

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

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

**Long-term employee benefits**

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



**g. 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.

**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.

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, to the extent it would be available for set off against future current income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

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

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

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis

Deferred tax liability (DTL) is not recognised on the accumulated undistributed profits of the subsidiary Group in the Consolidated financial statements of the Group, if it is determined that such accumulated undistributed profits will not be distributed in the foreseeable future.

**i. 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.





**ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED, Chennai**  
**Notes forming part of financial statements**

**j. 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 when services are rendered and related costs are incurred. 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.

**k. Dividend :**

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

**l. Foreign currency transactions and translations**

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions.

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

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

**m. Finance income and expense**

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

**n. Earnings per share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity shareholders 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 shareholders 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

**o. Events after the reporting period**

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

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

**2.3 Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.



## ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED

Notes forming part of financial statements

## 3 - Property, Plant and Equipment

₹ in Lakhs

Particulars	Tangible Assets				Right-of-use leased assets	Intangible Assets	
	Plant and equipments	Office equipments	Furniture and fixtures	Total		Softwares	Total
Gross carrying value (Deemed cost)							
As at April 1, 2022	368	38	10	416	331	46	46
Additions	67	10	-	78	683	-	-
Disposals	-	-	-	-	-	-	-
Asset written off	-35	12	-1	-24	-331	18	18
Reclassification	15	2	-	17	-	-19	-19
As at March 31, 2023	415	63	9	486	683	44	44
As at April 1, 2023	415	63	9	486	683	44	44
Additions	71	3	2	76	-	-	-
Disposals	-	-	-	-	-	-	-
Asset written off	-66	-19	-	-86	-	-	-
Reclassification	-	-	-	-	-	-	-
As at March 31, 2024	419	46	11	476	683	44	44
As at April 1, 2022	263	36	4	303	156	46	46
Depreciation for the year	44	11	-0	55	232	-2	-2
Reclassification	-1	1	-0	-1	-	-1	-1
Disposals	-	-	-	-	-331	-	-
Translation difference	-	-	-	-	-	-	-
As at March 31, 2023	307	48	4	358	57	42	42
As at April 1, 2023	307	48	4	358	57	42	42
Depreciation for the year	40	3	1	44	228	1	1
Asset written off	-45	-18	-0	-63	-	0	0
Disposals	-	-	-	-	-	-	-
Translation difference	-	-	-	-	-	-	-
As at March 31, 2024	301	33	4	338	285	44	44
Net carrying value							
As at March 31, 2023	108	15	5	128	626	2	2
As at March 31, 2024	118	13	6	138	399	0	0

\* Represents reclassification of PPE done during the year

During the year the discrepancies between the physical verification and the books in respect of computer hardware has been written off



**ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED**  
**Notes forming part of financial statements**

	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>Non-current assets</b>		
<b>4. Other financial assets</b>		
Security deposits	63	59
	<b>63</b>	<b>59</b>
<b>5. Other non-current assets</b>		
Unsecured, considered good		
Other deposits	0	0
	<b>0</b>	<b>0</b>

**Current assets**

**6. Investments**

**Non-trade (UnQuoted)**

**Investments in mutual funds (Unquoted) - At lower of cost and fair value, unless otherwise stated**

Axis Money Market Fund Direct Growth	-	255
HSBC Overnight Fund	101	-
	<b>101</b>	<b>255</b>

**7. Trade receivables**

**Unsecured**

Considered good	199	-
Considered doubtful	-	-
	<b>199</b>	<b>-</b>
Less : Allowances for credit losses	-	-
	<b>199</b>	<b>-</b>

\* No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

**Trade receivable ageing schedule**

	Outstanding for the following period from due date of payments					Total
	Not Due	Less than 1 Year	1-2 Years	2-3 Year	More than 3 years	
Undisputed Trade Receivables - Considered Good						
As at March 31, 2024	199	-	-	-	-	<b>199</b>
As at March 31, 2023	-	-	-	-	-	<b>-</b>

\*the above amount is due from the Related Party debtor

	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>8. Cash and cash equivalents</b>		
Cash on hand	0	0
Balances with banks		
In current accounts	271	341
	<b>271</b>	<b>341</b>
<b>9. Other current assets</b>		
Prepaid expenses	50	39
Balances with government authorities		
GST credit receivable	388	349
Other recoverables	11	8
Exports (Forward Cover)	9	-
	<b>458</b>	<b>396</b>



**ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED**  
**Notes forming part of financial statements**

₹ in Lakhs

	As at March 31, 2024	As at March 31, 2023
<b>10. Equity share capital</b>		
<b>Authorized</b>		
50,000 equity shares of face value ₹ 10/- each	5	5
(As at March 31, 2023 - 50,000 equity shares of face value ₹ 10/- each)		
<b>Issued</b>		
9,990 equity shares of face value ₹ 10/- each fully paid-up	1	1
(As at March 31, 2023 - 9,990 equity shares of face value ₹ 10/- each)		
<b>Subscribed and paid-up</b>		
9,990 equity shares of face value ₹ 10/- each fully paid-up	1	1
(As at March 31, 2023 - 9,990 equity shares of face value ₹ 10/- each)		
<b>Total</b>	1	1
Refer note (i) to (vii) below		

**Notes :**

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

	As at March 31, 2024		As at March 31, 2023	
Equity shares with voting rights	No of shares	₹ in Lakhs	No of shares	₹ in Lakhs
Number of shares outstanding at the beginning of the year	9,990	1	9,990	1
Add: Share issued	-	-	-	-
Number of shares outstanding at the end of the year	9,990	1	9,990	1

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

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

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

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

**iii) Details of shares held by Holding Company**

	March 31, 2024	March 31, 2023
Equity shares with voting rights	No. of shares	No. of shares
Sonata Software Limited (Holding Company) and its nominees	9,990	9,990

**iv) Details of shares held by each shareholder holding more than 5% shares**

	No. of shares	No. of shares
Sonata Software Limited (Holding Company) and its nominees	9,990	9,990
	100%	100%

v) During the year ended March 31, 2024, there has been no dividend issued for fiscal 2023 and for fiscal year 2024.

vi) The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the reporting date





	As at March 31, 2024	As at March 31, 2023
--	-------------------------	-------------------------

**11. Other equity**

<b>Retained earnings</b>		
Opening balance	984	658
Profit for the period	1,096	638
Interim Dividend Paid	1,100	300
Income Tax/adjustments of Earlier Year	-	12
<b>Closing balance</b>	<b>980</b>	<b>984</b>

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	(13)	9
Actuarial gain or (losses) on gratuity benefit are recognised in other comprehensive income.	(46)	(28)
Tax impact on above	12	7
<b>Closing balance</b>	<b>(47)</b>	<b>(13)</b>

**Effective portion of cash flow hedges**

Opening balance	(11)	-
Fair value changes on derivatives designated as cash flow hedge	13	(11)
Tax impact on above	(3)	-
<b>Closing balance</b>	<b>(1)</b>	<b>(11)</b>
	<b>932</b>	<b>960</b>

**Non-current liabilities**

**12. Other financial liabilities**

Lease Liabilities	199	425
Exports (Forward Cover)	-	22
	<b>199</b>	<b>447</b>

**Current liabilities**

**13. Trade payables**

Total outstanding dues of creditors other than micro and small enterprises - other than acceptances	61	35
	<b>61</b>	<b>35</b>

**Trade Payable ageing schedule**

	Outstanding for the following period from due date of payments					Total
	Not Due	Less than 1 Year	1-2 Years	2-3 Year	More than 3 years	
(i) As at March 31, 2024						
MSME	-	-	-	-	-	-
Others	-	61	-	-	-	61
<b>Total</b>	-	<b>61</b>	-	-	-	<b>61</b>
(ii) As at March 31, 2023						
MSME	-	-	-	-	-	-
Others	-	35	-	-	-	35
<b>Total</b>	-	<b>35</b>	-	-	-	<b>35</b>



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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2024 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act. This information as required under Micro, small and medium enterprises development Act 2006 [MSMED] has been determined to the extent such parties have been identified on the

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the	-	-
(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	-	-

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.

The table below provides details regarding the ageing of trade payables as at March 31, 2024:

Particulars	Outstanding for the following period from due date of payments:*					Total
	Not due	year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	-	61	-	-	-	61
(iii) Disputed dues MSME	-	-	-	-	-	-
(iv) Disputed dues Others	-	-	-	-	-	-

The table below provides details regarding the ageing of trade payables as at March 31, 2023

Particulars	Outstanding for the following period from due date of payments:*					Total
	Not due	year	1-2 years	2-3 years	More than 3 years	
(i) MSME	-	-	-	-	-	-
(ii) Others	-	35	-	-	-	35
(iii) Disputed dues MSME	-	-	-	-	-	-
(iv) Disputed dues Others	-	-	-	-	-	-

\* In the absence of due date of payment, above disclosure to be provided from the date of the transaction.

\* During the current financial year there are no transactions with struck off companies.

₹ in Lakhs

As at  
March 31, 2024

As at  
March 31, 2023

<b>14. Other financial liabilities</b>		
Lease Liabilities	226	200
Exports (Forward Cover)	-	-
	<b>226</b>	<b>200</b>
<b>15. Other current liabilities</b>		
Advance from related Party	-	4
Gratuity payable (net)	27	57
Statutory remittances	118	84
	<b>145</b>	<b>145</b>
<b>16. Provisions</b>		
Provision for employee benefits - Compensated absences	52	39
Provision for Bonus and Exgratia	173	141
	<b>225</b>	<b>180</b>



**ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED**
**Notes forming part of financial statements**

(₹ in Lakhs)

	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>17. Revenue from operations</b>		
Revenue from software services	8,581	6,282
Other operating revenues	-	-
<b>Total</b>	<b>8,581</b>	<b>6,282</b>

**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.

**Disaggregate revenue information**

The table below presents disaggregated revenues from contracts with customers for the period ended March 31, 2024 by contract type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

Particulars	Year ended March 31, 2024	₹ in lakhs Year ended March 31, 2023
Time and Material	8,581	6,282
<b>Total</b>	<b>8,581</b>	<b>6,282</b>

**18. Other income**
**Interest**

from fixed deposits/margin money with banks	1	3
from Income tax refund	8	-
Provision no longer required written back	-	19
Profit on sale of investments	18	2
Net gain / (loss) on excess of fair value over carrying costs of current investments	-5	3
Miscellaneous income	6	-
<b>Total</b>	<b>28</b>	<b>27</b>

**19. Employee benefits expense**

Salaries, wages, bonus and allowances (Including directors remuneration)	5,981	4,582
Contributions to provident and other funds	131	105
Staff welfare expenses	42	28
<b>Total</b>	<b>6,154</b>	<b>4,716</b>

**20. Finance costs**
**Interest expenses on:**

Others	-	0
Lease rental discounted	52	22
<b>Total</b>	<b>52</b>	<b>22</b>



**ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED****Notes forming part of financial statements**

(₹ in Lakhs)

	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>21. Other expenses</b>		
Power and fuel	32	25
Rent	-	-
Repairs and maintenance - machinery	8	10
Insurance	66	58
Rates and taxes	2	1
Communication cost	27	27
Facility maintenance	65	51
Travelling and conveyance expenses	36	13
Professional and technical fees	55	33
Insourcing professional fees	281	134
Payments to auditors	1	1
Net loss/(gain) on foreign currency transactions and translations	1	41
Software license fee	20	-
CSR Expenses	8	-
Property, plant and equipments not available/not in use written off	23	-
Miscellaneous expenses	43	55
<b>Total</b>	<b>668</b>	<b>451</b>



**ENCORE IT SERVICES SOLUTIONS PRIVATE LIMITED**  
**Notes to the financial statements for the year ended March 31, 2024**

₹ in lakhs

Particulars	For the year ended 31-Mar-24	For the year ended 31-Mar-23
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**22 Income taxes**

(a) Income tax expense in the statement of profit and loss consists of:

**Current Tax:**

In respect of current year	376	200
Short provision for tax relating to prior years		

**Deferred Tax:**

In respect of current year	(18)	(3)
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**Total Income tax expense recognised in the statement of profit and loss**

<b>358</b>	<b>198</b>
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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	1,462	836
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	368	210
<b>Effect of:</b>		
Others	(2)	(12)
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>366</b>	<b>198</b>

The applicable Indian corporate statutory tax rate for the year ended March 31, 2024 is 25.71% (year ended March 31, 2023 is 23.95%).

Under the Income-tax Act, 1961, SSSL is liable to pay Minimum Alternate Tax (MAT) in the tax holiday period. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised

**23 Deferred tax assets (net)**

(b) The following are the deferred tax liability and assets recognised by the Company and movement thereon during the current year and prior reporting year:

**Deferred tax assets**

Particulars	As at March 31, 2023	Charge/(credit) to Statement of Profit and Loss	As at March 31, 2024
Property, plant and equipment	4	9	(6)
Disallowance under 43B of Income Tax Act, 1961	25	(27)	53
<b>Net Deferred tax assets</b>	<b>29</b>	<b>(18)</b>	<b>47</b>

Particulars	As at March 31, 2022	Charge/(credit) to Statement of Profit and Loss	As at March 31, 2023
Property, plant and equipment	8	4	4
Disallowance under 43B of Income Tax Act, 1961	19	(7)	25
<b>Net Deferred tax assets</b>	<b>27</b>	<b>(3)</b>	<b>29</b>



**ENCORE I.T. SERVICES SOLUTIONS PVT LTD**

**Notes forming part of financial statements**

(₹ in Lakhs)

**24 Commitments**

There are no commitments on capital account.

**25 Contingent Liability**

a) Rs. 1.04 Crores disputed tax demand (Previous year Rs.1.27 Crores)

The Income tax department had raised a demand on the company arising out of the Transfer pricing adjustment for the financial year 2020-21 for Rs.1.04 Crores. The said order is being contested before the First Appellate authorities. The Company's management is advised that have a fair chance of winning the appeal. Hence no Provision is made in the books.

**26 Refund of ITC - GST**

The company had applied for refund of GST Input tax credit as under:-

FY 2018-19 Rs. 84,71,340/-

FY 2019-20 Rs. 74,78,809/-

The said refunds have been rejected by the competent authority on certain legal grounds. The rejection of refund has been contested and appeal is filed. The management is confident that the appeal will be allowed and the refund will be released. Hence no adjustment in the books are considered necessary.

**27 Financial instruments**

The carrying value and fair value of financial instruments by categories as at March 31, 2024 and March 31, 2023 is as follows:

Particulars	Note No.	Carrying Value		Fair Value	
		As at	As at	As at	As at
		March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Financial assets</b>					
<b>Amortised Cost</b>					
Security Deposits ( Rental deposit)	4	63	59	63	59
Trade receivable	7	199	-	199	-
Cash and cash equivalents	8	271	341	271	341
<b>FVTPL</b>					
Investment in Mutual Fund (quoted)	6	101	255	101	255
<b>Total Assets</b>		<b>633</b>	<b>655</b>	<b>633</b>	<b>655</b>
<b>Financial liabilities</b>					
<b>Amortised Cost</b>					
Trade payables	14	61	35	61	35
Other financial liabilities - Lease Rent	12 & 13	425	625	425	625
<b>FVTPL</b>					
Forward Contracts	10	-	22	-	22
<b>Total Liabilities</b>		<b>486</b>	<b>682</b>	<b>486</b>	<b>682</b>

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.



**ENCORE I.T. SERVICES SOLUTIONS PVT LTD**  
**Notes forming part of financial statements**

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

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

**28 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, 2024 and March 31, 2023.

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

Particulars	Fair value as at		Fair value hierarchy	Valuation technique and Key inputs
	As at	As at		
	March 31, 2024	March 31, 2023		
Investment in Mutual funds	101	255	Level 1	Fair value is determined based on the Net asset value published by respective funds.
Foreign currency forward contracts	-	22	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.

**29 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.





**ENCORE I.T. SERVICES SOLUTIONS PVT LTD****Notes forming part of financial statements****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):

Particulars	(₹ in Lakhs)	
	For the year ended March 31, 2024	March 31, 2023
Revenue from top customer	8,581	6,282
One customer accounts for 100% of the Revenue & Receivable of the company, for 31st March 2024 & 31st March 2023		

**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. 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 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

The liquidity position of the Company is given below:

Particulars	(₹ in Lakhs)	
	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents	271	341
Investments in mutual funds (quoted)	101	255
Trade receivables	199	-
Other current assets	458	396

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2024 and March 31, 2023:

Particulars	As at March 31, 2024		
	Less than 1 year	1-2 years	2 years & above
Trade payables	61	-	-
Lease liabilities	258	207	-
Other Financial liabilities	-	-	-

Particulars	As at March 31, 2023		
	Less than 1 year	1-2 years	2 years & above
Trade payables	35	-	-
Lease liabilities	252	258	207
Other Financial liabilities	22	-	-





**ENCORE I.T. SERVICES SOLUTIONS PVT LTD**

**Notes forming part of financial statements**

**iii) Market risk**

**Foreign Currency risk**

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. Dollar). 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.

	₹ in Lakhs	
Exposure currency	USD	Other Currencies
As at March 31, 2024		
Assets		
Trade receivables	2	-
Liabilities	-	-
Trade Payable	-	-
Other financial liabilities	-	-
Net assets/liabilities	2	-

	₹ in Lakhs	
Exposure currency	USD	Other Currencies
As at March 31, 2023		
Assets		
Trade receivables	-	-
Net assets/liabilities	-	-

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

**Interest rate risk**

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investments. The Company's investments are primarily short-term, which do not expose it to significant interest rate

**30 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:

Particulars	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Total equity attributable to the equity share holders of the Company	1	0.999
As percentage of total capital	100%	100%
Current borrowings	-	-
Total lease liabilities	425	625
As a percentage of total capital	99.77%	99.84%
Total capital (borrowings and equity)	426	626



**ENCORE I.T. SERVICES SOLUTIONS PVT LTD**  
**Notes forming part of financial statements**

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.

**31 Employee benefit plans**

**i) Defined contribution plans**

**a) Provident fund**

Eligible employees of Encore IT Services Solutions P 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 is making payment of both the employee contribution and the employer contribution as per the PF Scheme under EPF and EPS schemes on a monthly basis.

Provident fund contributions amounting to ₹87.95 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, 2024	Year ended March 31, 2023
Employee's State Insurance (as part of Staff welfare expenses in Note 18 Employee benefits expense)	0.26	0.07
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 18 Employee benefits expense)	-	-
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in Note 18 Employee benefits expense)	-	-
National Insurance Contribution (as part of Contribution to Provident Fund and other Funds in Note 18 Employee benefits expense)	-	-

**ii) Defined benefit plans - Gratuity**

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

	March 31, 2024	March 31, 2023
Discount rate(s)	7.20%	7.45%
Expected rate(s) of salary increase	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality 2012-14 (Urban)

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

**Service Cost:**

	Year ended March 31, 2024	Year ended March 31, 2023
Current Service Cost	39	30
Net Interest Expense	4	0

Components of defined benefit costs recognised in profit or loss

**Remeasurement on the net defined benefit liability:**

Return on plan assets (excluding amounts included in net interest expense)	6	4
Actuarial (gains) / losses arising from changes in financial assumptions	40	25
Actuarial (gains) / losses arising from experience adjustments	-	-
Actuarial (gains) / losses arising from Demographic adjustments	-	-
Components of defined benefit costs recognised in other comprehensive income	46	28

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



**ENCORE I.T. SERVICES SOLUTIONS PVT LTD**  
**Notes forming part of financial statements**

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

	As at March 31, 2024	(₹ in Lakhs) As at March 31, 2023
<b>Particulars</b>		
Present value of funded defined benefit obligation	273	198
Fair value of plan assets	246	141
<b>Net (liability) / Assets arising from defined benefit obligation</b>	<b>27</b>	<b>57</b>

Movements in the present value of the defined benefit obligation are as follows.

Opening defined benefit obligation	198	153
Current service cost	39	30
Interest cost	15	10
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in financial	4	(10)
Actuarial gains and losses arising from experience adjustments	36	34
Actuarial (gains) / losses arising from Demographic adjustments		
Benefits paid	(19)	(19)
<b>Closing defined benefit obligation</b>	<b>273</b>	<b>198</b>

Movements in the fair value of the plan assets are as follows.

Opening fair value of plan assets	141	146
Interest income	11	10
Return on plan assets (excluding amounts included in net interest expense)	(6)	(4)
Contributions from the employer	119	-
Benefits paid	(19)	(11)
<b>Closing fair value of plan assets</b>	<b>246</b>	<b>141</b>

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

<b>Particulars</b>		
Insurer Managed Funds		
Category of funds :		
Secure Fund	100.00%	100.00%
Defensive Fund		
Balanced Fund		
Stable Fund		

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



**ENCORE I.T. SERVICES SOLUTIONS PVT LTD**  
**Notes forming part of financial statements**

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(17)	19	(12)	13
Future salary growth (1% movement)	19	(17)	14	(12)

The Company expects to contribute ₹ 118.66 lakhs to its defined benefit plans during the next fiscal year.

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to protect the capital and optimize returns within acceptable risk parameters, the plan assets are well diversified.

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

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

Particulars	(₹ in Lakhs)				
	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022	As at March 31, 2020	As at March 31, 2019
Present value of defined benefit obligation	273	(198)	(153)	NA	NA
Fair value of plan assets	246	141	146	NA	NA
Surplus / (deficit)	(27)	340	299	NA	NA
Experience adjustments on plan liabilities - (gain)/losses	36	34	32	NA	NA
Experience adjustments on plan assets - (losses)/gain	(6)	(4)	-	NA	NA

**Maturity profile of defined benefit obligation:**

Particulars	(₹ in Lakhs)	
	As at March 31, 2024	As at March 31, 2023
Within 1 year	29	22
1-2 years	26	19
2-3 years	27	20
3-4 years	27	24
4-5 years	27	19
5 years and Above	121	88

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

**32 Segment reporting**

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

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



ENCORE I.T. SERVICES SOLUTIONS PVT LTD  
Notes forming part of financial statements

33 Corporate Social Responsibility

Expenditure incurred on Corporate Social Responsibility (CSR) activities

- a) Gross amount required to spent during the year is 7.58 lakhs (Previous year NIL)  
b) Amount spent during the year

Particulars	In cash	Yet to be paid in cash	Year ended March 31, 2024	Year ended March 31, 2023
Construction / acquisition of any asset	-	-	-	-
Other than the above	8	-	-	-

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Amount required to be spent by the company during the year	8	-
Amount of expenditure incurred	8	-
Shortfall at the end of the year	-	-
Total of Previous years shortfall	-	-
Reasons for shortfall	-	-
Details of related party transactions	-	-
Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in position	-	-

Promoting Education and Employment enhancing Vocational Skill

- (ii) Amount spent during the year is Nil lakhs (Previous year is Nil)  
(iii) Amount unspent is Nil.

34 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	Year ended March 31, 2024	Year ended March 31, 2023
Profit after tax attributable to equity shareholders (a)	1,096	638
Weighted average number of equity shares outstanding during the year for basic EPS (b)	9,990	9,990
Weighted average number of equity shares outstanding during the year for diluted EPS (c)	9,990	9,990
Basic earning per share (a/b)	10,970.45	6,385.43
Diluted earning per share (a/c)	10,970.45	6,385.43

35 Distributions made and proposed :

Interim dividend of Rs.11 crores has been distributed to the shareholder during the year in two tranches - Rs.5 crores and Rs.6 crores as authorised by the board  
There is no amount due and outstanding as at Balance Sheet date to be credited to the Investor Education and Protection Fund.



36 The table below provides details regarding ratios

Financial Ratios	March 31, 2024	March 31, 2023	% change	Reason for variance exceeding 25% as compared to the
Current ratio	1.57	1.30	20%	
Debt-equity ratio**	0.46	0.65	-30%	Decreased on account of lease liability payout
Debt service coverage ratio**	4.18	1.83	129%	Increased on account of increase in EBITDA during the year
Return on equity ratio	1.16	0.78	48%	Increased on account of increase in PAT during the year
Trade receivable turnover ratio	86.42	*	*	
Trade payable turnover ratio	13.81	14.70	-6%	
Net capital turnover ratio	14.35	14.57	-2%	
Net profit ratio	0.13	0.10	26%	Increased on account of increase in PAT during the year
Return on capital employed	2.96	2.54	17%	
Return on investment	0.11	0.03	296%	Increased on account of increase in Interest income and gain from mutual fund investments during the year

\*Not disclosed in view of Nil Trade receivables balance during the year ended March 31, 2023.

\*\*Companies act suggesting that Lease liability to be included in the definition of "Debt".

37 Leases

The company leases mainly comprise of buildings. The company leases buildings for operational purposes. Following are the changes in the carrying value of right of use assets:

Particulars	₹ in lakhs	
	As at March 31, 2024	As at March 31, 2023
	Buildings	Buildings
Balance at the beginning	627	331
Reclassified on account of adoption of Ind AS 116	-	-
Additions	-	528
Deletion	-	-
Depreciation for the year	(228)	(232)
Balance at the end of the year	399	627

Incremental borrowing rate used for discounting of lease liabilities is 9.70 % based on the lease term.

The following is the movement in lease liabilities:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning	625	182
Additions	0	672
Finance cost accrued during the year	52	22
Payment of lease liabilities	(252)	(252)
Balance at the end of the year	425	625

The following is the break-up of lease liabilities based on their maturities:

Particulars	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	226	200
Non-current lease liabilities	199	425
Total	425	625

Contractual maturities of lease liabilities

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2024 on an undiscounted basis:

Particulars	As at March 31, 2024	As at March 31, 2023
Not later than one year	258	258
Later than one year and not later than 5 years	249	465
Later than 5 years	-	-
Total	507	722

The Company had total cash outflow of ₹ 251 lakhs during the year ended March 31, 2024 (March 31, 2023 - ₹ 251 lakhs) for leases recognized in balance sheet. The Company has made a non-cash addition to lease liabilities is Nil during the year ended March 31, 2024 (March 31, 2023 - Nil).

The Company recognized the following income and expense in the statement of profit and loss pertaining to leased assets:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Finance cost on lease liabilities during the year	52	22
Depreciation on ROU assets	228	232
Rent expense pertaining to short-term lease	-	-
Total	280	254



38. Related party disclosure

i) Details of related parties :

Description of relationship

- a) Holding Company  
(b) Fellow subsidiaries

- (c) Key Management Personnel (KMP)  
(d) Directors

Names of related parties

- : Sonata Software Limited  
: Encore Software Services Inc. USA  
: Sonata Information Technology Limited, India  
: Mr. Kandasamy Sankaran - Director  
: Mr. Kandasamy Sankaran  
: Mr. Hemant Kumar Bhardwaj  
: Mr. Jagannathan CN

ii) Transactions with related parties :

(₹ in Lakhs)

Particulars	Holding Company		Fellow subsidiaries		KMP	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Rendering of services</b>						
Encore Software Services Inc.	-	-	8,581	6,282	-	-
<b>Reimbursement of expenses paid</b>						
Encore Software Services Inc.	-	-	11	-	-	-
Sonata Information Technology Limited	-	-	69	-	-	-
<b>Compensation of key management personnel of the Company</b>						
Remuneration and Ex - Gratia	-	-	-	-	42	51
Ex-gratia	-	-	-	-	-	-
Sitting Fees	-	-	-	-	-	-
Payable to KMP- exgratia payable	-	-	-	-	18.50 (Cr)	33.30 (Cr)
<b>Dividend paid</b>						
Sonata Software Limited	1,100	300	-	-	-	-
<b>Balances outstanding at the end of the year</b>						
<b>Trade Receivable</b>						
Encore Software Services Inc.	-	-	199	-	-	-
<b>Payable to key management personnel of the Company</b>						
	-	-	-	-	-	4

For and on behalf of the Board of Directors

Place : Chennai  
Date: May 2, 2024

Kandasamy Sankaran  
Director  
DIN: 07674804

Hasan Prakash Suresh Director  
DIN: 10224549



For ESSVEEYAR  
CHARTERED ACCOUNTANTS  
F.R.N:000808S

K.Sekar  
PARTNER  
Membership No. 028562





QUANT CLOUD SOLUTIONS PRIVATE LIMITED  
Balance Sheet

		₹ in Lakhs	
	Note No	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	72	39
Capital work-in-progress	3	-	2,533
Intangible asset	3	8	1
Right-of-use assets	30	115	198
Financial assets			
Other financial assets	4	-	84
Deferred tax assets (net)	15	7	11
Income tax assets (net)	14	19	-
<b>Total non-current assets</b>		<b>221</b>	<b>2,867</b>
<b>Current assets</b>			
Financial assets	5		
Trade receivables	5.1	11	59
Cash and cash equivalents	5.2	2,716	1
Other financial assets	5.3	108	-
Other current assets	6	156	109
<b>Total current assets</b>		<b>2,991</b>	<b>169</b>
<b>Total assets</b>		<b>3,212</b>	<b>3,036</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	7	91	91
Other equity	8	2,956	2,579
<b>Total Equity</b>		<b>3,047</b>	<b>2,670</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Lease liabilities	9	-	62
Provisions	10	-	11
<b>Total non-current liabilities</b>		<b>-</b>	<b>72</b>
<b>Current liabilities</b>			
Financial liabilities	11		
Lease liabilities	11.1	141	135
Trade payables	11.2		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		12	-
Other financial liabilities	11.3	-	23
Other current liabilities	12	-	49
Provisions	13	12	12
Current tax liabilities (net)	14	-	74
<b>Total current liabilities</b>		<b>165</b>	<b>293</b>
<b>Total equity and liabilities</b>		<b>3,212</b>	<b>3,036</b>

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For B S R & Co LLP  
Chartered Accountants  
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali  
Partner  
(Membership No. 065155)

Place : Bengaluru  
Date : May 06, 2024

For and on behalf of the Board of Directors of Quant Cloud Solutions  
Private Limited

CIN: U74900TG2015PTC099698

Jagannathan CN  
Director  
DIN: 08255902

Suresh HP  
Director  
DIN: 10124549

Place : Bengaluru  
Date : May 06, 2024





**QUANT CLOUD SOLUTIONS PRIVATE LIMITED**  
**Statement of Profit and Loss**

₹ in Lakhs

	Note No	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations	16.1	2,895	1,699
Other income	16.2	168	21
<b>Total income</b>		<b>3,063</b>	<b>1,720</b>
<b>EXPENSES</b>			
Employee benefits expense	17	2,183	1,271
Finance costs	18	20	22
Depreciation and amortization expense	3 & 30	233	116
Other expenses	19	82	94
<b>Total expenses</b>		<b>2,518</b>	<b>1,503</b>
<b>Profit before tax</b>		<b>545</b>	<b>217</b>
<b>Tax expense</b>			
Current tax	14	170	74
Deferred tax	15	3	(8)
<b>Net tax expense</b>		<b>173</b>	<b>66</b>
<b>Profit for the year</b>		<b>372</b>	<b>151</b>
<b>Other comprehensive income</b>			
1. Items that will not be reclassified to profit/(loss)			
(a) Remeasurement of the defined benefit plans		6	-
(b) Income tax relating to items that will not be reclassified to profit/(loss)		(2)	-
		<b>4</b>	<b>-</b>
<b>Total other comprehensive income for the year, net of tax</b>		<b>4</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>376</b>	<b>151</b>
Earnings per share - (on ₹ 10 per share)			
Basic and Diluted ₹	26	41.00	18.30

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For B S R & Co LLP  
Chartered Accountants  
(Firm's Registration No: 101248W/W-100022)

**Amrit Bhansali**  
Partner  
(Membership No. 065155)

For and on behalf of the Board of Directors of Quant  
Cloud Solutions Private Limited  
CIN: U74900TG2015PTC099698

*[Signature]*

**Jagannathan CN**  
Director  
DIN: 08255902

*[Signature]*

**Suresh HP**  
Director  
DIN: 10124549

Place : Bengaluru  
Date : May 06, 2024

Place : Bengaluru  
Date : May 06, 2024



**QUANT CLOUD SOLUTIONS PRIVATE LIMITED**

**Statement of changes in equity**

**(a) Equity share capital**

₹ in Lakhs

Particulars (Refer note 7)	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	91	22
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	91	22
Changes in equity share capital during the year	-	69
Balance at the end of the year	91	91

**(b) Other equity**

₹ in Lakhs

Particulars	Reserves and Surplus			Total
	Securities premium	Retained earnings	Remeasurement of the defined benefit plans	
Balance as at April 1, 2022	568	24	-	592
Securities Premium received out of issue of shares	1,836	-	-	1,836
Profit for the year	-	151	-	151
Total comprehensive income for the year	1,836	151	-	2,579
Balance as at March 31, 2023	2,404	175	-	2,579
Balance as at April 1, 2023	2,404	175	-	2,579
Profit for the year	-	372	-	372
Other comprehensive income (net of tax)	-	-	4	4
Total comprehensive income for the year	-	372	4	376
Balance as at March 31, 2024	2,404	547	4	2,956

Refer note 8 for nature and purpose of reserves.

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For B S R & Co LLP

Chartered Accountants

(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali

Partner

(Membership No. 065155)

Place : Bengaluru

Date : May 06, 2024

For and on behalf of the Board of Directors of Quant Cloud Solutions Private Limited

CIN: U74900TG2015PTC099698



Jagannathan CN

Director

DIN: 08255902

Place : Bengaluru

Date : May 06, 2024



Suresh HP

Director

DIN: 10124549



QUANT CLOUD SOLUTIONS PRIVATE LIMITED  
Statement of Cash Flows

	₹ in Lakhs	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	545	217
Adjustments for :		
Depreciation and amortization expense	233	116
Finance costs	20	22
Provisions/ liabilities no longer required written back	(18)	-
Interest income from rent sub lease	(150)	(4)
<b>Operating cash flows before movements in working capital</b>	<b>630</b>	<b>351</b>
Changes in operating assets and liabilities:		
Decrease/(increase) in trade receivables	48	(59)
Increase in other financial assets-current	(98)	(67)
Other financial assets non-current	84	
Increase in other current assets	(47)	(82)
Decrease in trade payables	6	(4)
Increase in other financial liabilities	(5)	23
Increase in other current liabilities	(49)	46
Decrease in provisions	-	23
<b>Net cash flow from/(used in) operating activities before taxes</b>	<b>569</b>	<b>231</b>
Income taxes paid	(263)	(4)
<b>Net cash from/(used in) operating activities</b>	<b>(A) 306</b>	<b>226</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment including capital work-in-progress and capital advances	(72)	(2,593)
Proceeds from Sale of CWIP	2,533	
Interest received	141	
<b>Net cash flow used in investing activities</b>	<b>(B) 2,602</b>	<b>(2,593)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds received from issue of shares	-	1,905
Payment on lease liabilities	(192)	(130)
Interest paid	(1)	-
Inter corporate loan from subsidiary	-	-
<b>Net cash flow from/(used in) financing activities</b>	<b>(C) (193)</b>	<b>1,775</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(A+B+C) 2,715</b>	<b>(592)</b>
Opening cash and cash equivalents	1	593
Exchange difference on translation of foreign currency Cash and cash equivalents.	-	-
<b>Closing cash and cash equivalents</b>	<b>2,716</b>	<b>1</b>
Cash and cash equivalents at the end of the period comprises:		
Cash on hand	-	1
Balances with banks		
In current accounts	116	-
In demand deposit accounts	2,600	-
	<b>2,716</b>	<b>1</b>

Refer note 30 for changes in lease liabilities arising from financing activities and for non-cash financing activities

The accompanying notes form an integral part of the financial statements.

As per our report of even date attached

For B S R & Co LLP  
Chartered Accountants  
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali  
Partner  
(Membership No. 065155)

Place : Bengaluru  
Date : May 06, 2024

For and on behalf of the Board of Directors of  
Quant Cloud Solutions Private Limited  
CIN: U74900TG2015PTC099688

Jagannathan CN  
Director  
DIN: 08255902

Suresh HP  
Director  
DIN: 10124549

Place : Bengaluru  
Date : May 06, 2024



## 1 COMPANY OVERVIEW

Quant Cloud Solutions Private Limited ("QSIN" or the "Company") is a Company primarily engaged in the business of providing Information Technology Services and Solutions to its customer in the United States of America.

The Company is a private limited company incorporated on Jul 8, 2015 and domiciled in India with its registered office at Hyderabad and operationally headquartered at Hyderabad. The financial statements have been approved for issue by the Company's Board of Directors on May 6, 2024.

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

## 2 MATERIAL ACCOUNTING POLICIES

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

#### a. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016 and relevant amendment rules issued thereafter, as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III) and accounting principles generally accepted in India, as applicable to the standalone financial statements.

#### b. Basis of measurement

The financial statements have been prepared on a historical cost convention on a going concern and on an accrual basis, except for certain financial instruments which are measured at fair values or amortised cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value for measurement and/or disclosure purpose in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102 Share-based Payments, leasing transactions that are within the scope of Ind AS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as 'value in use', in Ind AS 36 Impairment of assets.

All assets and liabilities have been classified as current and non-current as per the Group's normal operating cycle. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. The Group's normal operating cycle is twelve months.

#### Current/ Non-current classification:

The Group classifies an asset as current asset when:

- it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;
- it holds the asset primarily for the purpose of trading;
- it expects to realise the asset within twelve months after the reporting period; or
- the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when –

- it expects to settle the liability in its normal operating cycle;;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

#### c. Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (i.e. the "functional currency"). The financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company. Transactions and balances with value below rounding off norm adopted by the Company have been reflected as ' - ' in relevant notes to the financial statements

All amounts rounded off to the nearest Rs in Lakhs, except per share data and unless otherwise indicated.

#### d. Use of judgement, estimates and assumptions

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

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

#### i) 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.



**ii) Contingent liabilities**

Refer note 2.2 (q)

**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 analysing historical payment patterns, customer concentrations, customer credit worthiness and current economic trends. If the financial condition of a customer deteriorates, additional allowances may be required.

Fair valuation of derivative hedging instruments designated as cash flow hedges involves significant estimates relating to the occurrence of forecasted transactions

**2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES****a. Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable costs of bringing the item to its working condition for its intended use.

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

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

**b. Capital work-in-progress**

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

**c. Depreciation/ Amortisation**

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

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

**Straight-line method**

Asset class	Useful life
Buildings	60 years
Plant and machinery (Hardware)	3 years
Plant and machinery (Others)	15 years
Lease hold land	lease term
Lease hold improvements	lease term

**Written down method**

Asset class	Percentage
Furniture and fixtures	25.89%
Office equipments	45.07%

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.

**d. Intangible assets**

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangible assets for the current and comparative period are as follows:

Category	Useful Life
Computer software	3 years

**e. Leases**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the a) contract involves the use of identified asset; b) Company has right to direct the use of the asset; c) the Company has substantially all the economic benefits from the use of asset through period of lease.





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

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

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

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (assets of less than ₹ 500,000 in value). The Company recognises the lease payments associated with these leases as an expense over the lease term.

#### 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 and book overdraft which are considered part of the Company's cash management system.

##### ii. Financial assets at fair value through other comprehensive income (FVTOCI)

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

##### iii. Financial assets at fair value through profit and loss (FVTPL)

Financial assets which is not classified in any of the above category is measured at FVTPL. These include surplus funds invested in mutual funds etc.

Financial assets included within the FVTPL category are measured at fair values at each reporting date with all changes recorded in the statement of profit and loss.

##### Non-derivative financial liabilities

##### Financial liabilities at amortised cost

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

##### Financial liabilities at FVTPL

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



**Derivative financial instruments and hedging activities**

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

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

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The ineffective portion of changes in the fair value of the derivative is recognised in the statement of profit and loss.

Amounts accumulated in hedging reserve are reclassified to the statement of profit and loss in the periods when the hedged item affects the statement of profit and loss.

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

When a hedging instrument expires, swapped or unwound, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in statement of changes in equity is recognised in the statement of profit and loss.

**Offsetting financial instruments**

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

**Derecognition of financial instruments**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

**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 government administered provident fund. The employer and employees each make periodic contributions to the government administered provident fund. A portion of the contribution is made to the government administered provident fund while the remainder of the contribution is made to the pension fund.

**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.



**Defined contribution plan:** In accordance with the law, all employees of the company are entitled to receive benefits under the provident and pension fund. The company has no obligation other than the contribution to the provident and pension fund.

Liabilities with regard to the Gratuity plan are determined by actuarial valuation performed by an independent actuary, at each Balance Sheet date using projected unit method. The Company fully contributes all ascertained liabilities to a trust managed by the Trustees of Sonata Software Limited Gratuity Fund. The Trustees administers the contributions made to the Trust. The fund's investments are managed by certain insurance 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.

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

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

#### Short-term employee benefits

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

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

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

#### Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. The obligations of compensated absences are presented as current liabilities in the balance sheet of the Company as the Company does not have an unconditional right to defer this settlement for at least 12 months from reporting 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.

Deferred tax assets and liabilities are offset when it relates to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis

**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.

For the purpose of presentation in the standalone statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

**k. Revenue recognition**

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

**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. 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.

**Contract assets and contract liabilities**

Contract asset represent cost and earnings in excess of billings as at the end of the reporting period. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Contract liabilities(Unearned revenues) represent billing in excess of revenue recognized.

**l. Dividend :**

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

**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.

For the purposes of presenting the financial statements assets and liabilities of Company'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

**n. Finance income and expense**

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

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

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

**o. Impairment**

**a) Financial assets :**

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

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

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



**b) Non-financial assets**

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

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

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

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

**p. Earnings per share**

Basic earnings per equity share is computed by dividing the net profit attributable to the equity shareholders 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 shareholders 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 non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required or the amount cannot be reliably estimated. Contingent liabilities are appropriately disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

**r. Contingent Assets**

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

**s. Events after the reporting period**

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

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

**2.3 Recent pronouncements**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.



## 3 . Property, plant and equipment

₹ in Lakhs

Tangible assets					
Particulars	Plant & Machinery	Office Equipment	Leasehold Improvements	Furniture and fixtures	Total
<b>Cost</b>					
As at April 1, 2022	-	1	-	-	1
Additions	53	4	-	1	58
Disposal / Write off	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>53</b>	<b>5</b>	<b>-</b>	<b>1</b>	<b>59</b>
As at April 1, 2023	53	5	-	1	59
Additions	60	2	2	-	64
Disposal / Write off	-	-	-	-	-
<b>As at March 31, 2024</b>	<b>113</b>	<b>6</b>	<b>2</b>	<b>1</b>	<b>123</b>
<b>Accumulated Depreciation</b>					
As at April 1, 2022	-	-	-	-	-
Depreciation charge during the year	19	1	-	-	20
Depreciation on disposals / write off	-	-	-	-	-
<b>As at March 31, 2023</b>	<b>19</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>20</b>
As at April 1, 2023	19	1	-	-	20
Depreciation charge during the year	30	1	-	-	31
Depreciation on disposals / write off	-	-	-	-	-
<b>As at March 31, 2024</b>	<b>49</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>51</b>
<b>Net carrying value</b>					
As at March 31, 2024	64	4	2	1	72
As at March 31, 2023	34	4	-	1	39

Intangible assets		
Particulars	Software	Total
<b>Cost</b>		
As at April 1, 2022	-	-
Additions	1	1
<b>As at March 31, 2023</b>	<b>1</b>	<b>1</b>
As at April 1, 2023	1	1
Additions	8	8
<b>As at March 31, 2024</b>	<b>9</b>	<b>9</b>
<b>Accumulated Depreciation</b>		
As at April 1, 2022	-	-
Depreciation charge during the year	-	-
<b>As at March 31, 2023</b>	<b>-</b>	<b>-</b>
As at April 1, 2023	-	-
Depreciation charge during the year	1	1
<b>As at March 31, 2024</b>	<b>1</b>	<b>1</b>
<b>Net carrying value</b>		
As at March 31, 2024	8	8
As at March 31, 2023	1	1

## Capital-work-in-progress

Particulars	Opening	Additions	Capitalization/ Disposal	Closing
As at March 31, 2023	-	2,533	-	2,533
As at March 31, 2024	2,533	-	(2,533)	-

## Depreciation and amortization expense

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation on property, plant and equipment	31	20
Amortization on intangible assets	1	-
Depreciation on Right of use of assets (Refer note 30)	201	96
	<b>233</b>	<b>116</b>



	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
<b>Non-current</b>		
<b>4 : Other financial assets</b>		
Unsecured, considered good (carried at amortized, cost less unless otherwise stated)	-	84
Security deposits	-	-
<b>Total</b>	-	<b>84</b>
<b>Current</b>		
<b>5.1 : Trade receivables (carried at amortized cost, less unless otherwise stated)</b>		
Unsecured *		
Billed		
Considered good	11	59
Trade receivables - credit impaired	-	-
	<b>11</b>	<b>59</b>
Less : Allowances for credit losses	-	-
<b>Total</b>	<b>11</b>	<b>59</b>

\* No trade receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

**Trade receivable ageing schedule**

Particulars	Outstanding for the following period from due date of payments						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2024</b>							
Undisputed trade receivables - considered good	-	11	-	-	-	-	11
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Less : Allowance for credit losses	-	-	-	-	-	-	-
<b>Total</b>							<b>11</b>
<b>As at March 31, 2023</b>							
Undisputed trade receivables - considered good	-	59	-	-	-	-	59
Undisputed Trade receivables - credit impaired	-	-	-	-	-	-	-
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Less : Allowance for credit losses	-	-	-	-	-	-	-
<b>Total</b>							<b>59</b>

<b>5.2 : Cash and cash equivalents</b>		
Cash on hand	-	1
Balances with banks		
In current accounts	116	-
In demand deposit accounts	2,600	-
<b>Total</b>	<b>2,716</b>	<b>1</b>

<b>5.3 : Other financial assets (carried at amortized cost, less unless otherwise stated)</b>		
Unsecured, considered good	-	-
Security deposits	108	-
<b>Total</b>	<b>108</b>	<b>-</b>

<b>6 : Other current assets</b>		
Unsecured, considered good		
Prepaid expenses	18	48
Balances with Government authorities		
GST credit receivable	108	46
Other recoverables	30	15
<b>Total</b>	<b>156</b>	<b>109</b>

<b>7 : Equity share capital</b>		
<b>Authorized</b>		
10,00,000 equity shares of face value ₹ 10/- each	100	100
(As at March 31, 2023 - 1,00,000 equity shares of face value ₹ 10/- each)		
<b>Issued</b>		
9,08,337 equity shares of face value ₹ 10/- each fully paid-up	91	91
(As at March 31, 2023 - 9,08,337 equity shares of face value ₹ 10/- each)		
<b>Subscribed and paid-up</b>		
9,08,337 equity shares of face value ₹ 10/- each fully paid-up	91	91
(As at March 31, 2023 - 9,08,337 equity shares of face value ₹ 10/- each)		
<b>Total</b>	<b>91</b>	<b>91</b>
Refer note (i) to (vii) below		

**Notes :**

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

	As at March 31, 2024		As at March 31, 2023	
	No of shares	₹ in Lakhs	No of shares	₹ in Lakhs
Equity shares with voting rights	9,08,337	90,83,370	2,21,887	22,18,870
Add: Share issued	-	-	6,86,450	68,64,500
Number of shares outstanding at the end of the year	9,08,337	90,83,370	9,08,337	90,83,370



	As at March 31, 2024	As at March 31, 2023
<b>ii) Details of rights, preferences and restrictions attached to each class of shares</b>		
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.		
<b>iii) Details of shares held by Holding Company</b>		
Equity shares with voting rights	No. of shares 9,08,337	No. of shares 9,08,337
Quant System Inc. (Holding Company) and its nominees		
<b>iv) Details of shares held by each shareholder holding more than 5% shares</b>		
Quant System Inc. (Holding Company) and its nominees	No. of shares 9,08,337 100%	No. of shares 9,08,337 100%
<b>v) Details of shares held by each promoter</b>		
Quant System Inc. (Holding Company) and its nominees	No. of shares 9,08,337 100%	No. of shares 9,08,337 100%
No. of shares held		
% of holding		
vi) During the year ended March 31, 2024, there has been no dividend issued for fiscal 2023 and for fiscal year 2024.		
vii) No shares have been allotted without payment being received by way of cash or by way of bonus shares during the period of five years immediately preceding the reporting date.		
viii) No Shares are reserved for issue under contract or commitment for sale or disinvestment.		
<b>8 : Other equity</b>		
<b>Securities premium</b>		
Opening balance	2,404	568
Premium received on issue of shares	-	1,836
<b>Closing balance</b>	<b>2,404</b>	<b>2,404</b>
Amount received on issue of shares in excess of the par value has been classified as security premium, net of utilisation.		
<b>Retained earnings</b>		
Opening balance	175	24
Profit for the year	372	151
Less :		
Dividend paid	-	-
<b>Closing balance</b>	<b>547</b>	<b>175</b>
Retained earnings comprises of the amounts that can be distributed by the Company as dividends to its equity share holders.		
<b>Other Comprehensive Income</b>		
<b>Remeasurement of the defined benefit plans</b>		
Opening balance	-	-
For the year gratuity OCI, (net of tax)	4	-
<b>Closing balance</b>	<b>4</b>	<b>-</b>
The remeasurement of (loss) / gain on defined benefit plans, net of taxes that will not be reclassified to statement of profit and loss recognised in other comprehensive income.		
<b>Total</b>	<b>2,956</b>	<b>2,579</b>
<b>9 : Lease liabilities</b>		
Lease liabilities (Refer note 30)	-	62
<b>Total</b>	<b>-</b>	<b>62</b>
<b>10 : Provisions</b>		
Provision for gratuity (non current)	-	11
<b>Total</b>	<b>-</b>	<b>11</b>
<b>11.1 : Lease liabilities</b>		
Lease liabilities (Refer note 30)	141	135
<b>Total</b>	<b>141</b>	<b>135</b>



As at  
March 31, 2024

As at  
March 31, 2023

11.2 : Trade payables

Trade payables

Total outstanding dues of micro enterprises and small enterprises (MSME)	12
Total outstanding dues of creditors other than micro and small enterprises - other than acceptances	12
<b>Total</b>	<b>12</b>

Trade payables ageing schedule

Particulars	Outstanding for the following period from due date of payments						Total
	Accrued Expenses	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2024</b>							
Total outstanding dues of micro enterprises and small enterprises	10		2				12
Total outstanding dues of creditors other than micro enterprises and small enterprises							
Disputed dues of micro enterprises and small enterprises							
Disputed dues of creditors other than micro enterprises and small enterprises							12
<b>Total</b>							<b>12</b>
<b>As at March 31, 2023</b>							
Total outstanding dues of micro enterprises and small enterprises							40
Total outstanding dues of creditors other than micro enterprises and small enterprises							
Disputed dues of micro enterprises and small enterprises							
Disputed dues of creditors other than micro enterprises and small enterprises							40
<b>Total</b>							<b>40</b>

\* During the current financial year there are no transactions with struck off companies.

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

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2024 has been made in the financial statements based on information received and available with the Company. The Company has not received any claim for interest from any supplier under the said Act. This information as required under Micro, small and medium enterprises development Act 2006 (MSMED) has been determined to the extent such parties have been identified on the basis of information available with the Company are as below:

(₹ in Lakhs)

Particulars	As at March 31, 2024	As at March 31, 2023
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year		
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year		
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the		
(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 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.

11.3 : Other financial liabilities

Other payables

Payable to employees

	5
	18
	<b>23</b>

12 : Other current liabilities

Other payables

Statutory payables

Advance for sale of Asset

Total

	19
	30
	<b>49</b>

13 : Provisions

Gratuity payable (net) (Refer note 24)

Provision for employee benefits - Compensated absences

Total

	3	0
	9	12
	<b>12</b>	<b>12</b>





Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>14: Income taxes</b>		
The income tax asset is ₹ 19 Lakhs (net of provision for tax of ₹ 244 Lakhs) as at March 31, 2024 (Nil as at March 31, 2023). The current tax liability for the year ended March 31, 2023 is ₹ 74 Lakhs (net of income tax asset of ₹ Nil Lakhs).		
(a) Income tax expense in the statement of profit and loss consists of:		
Current Tax:		
In respect of current year	170	74
Deferred Tax:		
In respect of current year	3	(8)
<b>Total Income tax expense recognised in the statement of profit and loss</b>	<b>173</b>	<b>66</b>

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	545	217
Enacted income tax rate in India	0	27.82%
Computed expected tax expense	152	60
Effect of:		
Expenses that are not deductible in determining taxable profit	16	6
Others	5	-
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>173</b>	<b>66</b>

The applicable Indian corporate statutory tax rate for the year ended March 31, 2024 is 27.82% (year ended March 31, 2023 is 27.82%)

**15 : Deferred tax assets (net)**

(b) The following are the deferred tax liability and assets recognised by the Company and movement thereon during the current year and prior reporting year:

**Deferred tax assets**

Particulars	As at March 31, 2023	Charge/(credit) to Statement of Profit and Loss	Deferred tax on other comprehensive income	As at March 31, 2024
Property, plant and equipment	-	1	-	(1)
Leases	-	(7)	-	7
Employee Bonus	5	5	-	-
Leave encashment	3	(1)	-	4
Gratuity	3	4	2	(3)
<b>Net Deferred tax assets</b>	<b>11</b>	<b>2</b>	<b>2</b>	<b>7</b>

Particulars	As at March 31, 2022	Charge/(credit) to Statement of Profit and Loss	Deferred tax on other comprehensive income	As at March 31, 2023
Property, plant and equipment	-	-	-	-
Leases	3	3	-	-
Employee Bonus	-	(5)	-	5.0
Leave encashment	-	(3)	-	3.05
Gratuity	-	(3)	-	2.86
<b>Net Deferred tax assets</b>	<b>3</b>	<b>(8)</b>	<b>-</b>	<b>11</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.



**QUANT CLOUD SOLUTIONS PRIVATE LIMITED**
**Notes to the financial statements for the year ended March 31, 2024**

	₹ in Lakhs	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>16.1 : Revenue from operations</b>		
Revenue from software services (Refer note 20)	2,895	1,699
<b>Total</b>	<b>2,895</b>	<b>1,699</b>
<b>16.2 : Other income</b>		
Interest income	150	4
Liabilities/provisions no longer required written back	18	-
Gain on termination of lease	-	17
<b>Total</b>	<b>168</b>	<b>21</b>
<b>17 : Employee benefits expense</b>		
Salaries, wages and bonus	2,074	1,245
Contributions to provident and other funds (Refer note 24)	77	11
Staff welfare expenses	32	15
<b>Total</b>	<b>2,183</b>	<b>1,271</b>
<b>18 : Finance costs</b>		
Interest expense on lease liabilities (note 30)	19	22
Other borrowing costs (bank charges)	1	-
<b>Total</b>	<b>20</b>	<b>22</b>
<b>19 : Other expenses</b>		
Electricity expense	-	2
Insurance expense	-	5
Rates and taxes	7	7
Communication expense	9	12
Repairs and maintenance	2	5
Travelling and conveyance expenses	1	4
Professional and technical fees	20	-
Legal fees	-	32
Net gain on foreign currency transactions	4	-
Software license fees	25	3
Insourcing professional fees	1	-
Payments to auditors (refer note below)	10	5
Miscellaneous expenses	3	19
<b>Total</b>	<b>82</b>	<b>94</b>
Note - Payments to auditors comprises (net of input credit):		
Statutory audit	10	5
	<b>10</b>	<b>5</b>





## 20 Revenue from software services (Revenue recorded over period of time)

## Disaggregate revenue information

The table below presents disaggregated revenues from contracts with customers for the period ended March 31, 2024 by contract type. The Company believes that this disaggregation best depicts how the nature, amount, timing and uncertainty of our revenues and cashflows are affected by industry, market and other economic factors.

₹ in lakhs

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Time and Material	2,895	1,699
<b>Total</b>	<b>2,895</b>	<b>1,699</b>

## 21 Financial instruments

The carrying value of financial instruments by categories as at March 31, 2024 and March 31, 2023 is as follows:

₹ in lakhs

Particulars	Note No.	As at March 31, 2024			
		Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Total carrying value
<b>Financial assets</b>					
Non-current other financial assets (Security deposits)	4	-	-	11	11
Trade receivable	5.1	-	-	2,716	2,716
Cash and cash equivalents	5.2	-	-	108	108
Other current financial assets	5.3	-	-	2,835	2,835
<b>Total</b>					
<b>Financial liabilities</b>					
Trade payables	11.2	-	-	12	12
Other financial liabilities including lease liabilities	9 & 11.1	-	-	141	141
<b>Total</b>				153	153

₹ in lakhs

Particulars	Note No.	As at March 31, 2023			
		Fair value through profit and loss	Fair value through other comprehensive income	Amortized cost	Total carrying value
<b>Financial assets</b>					
Non-current other financial assets (Security deposits)	4	-	-	84	84
Trade receivable	5.1	-	-	59	59
Cash and cash equivalents	5.2	-	-	1	1
<b>Total</b>				144	144
<b>Financial liabilities</b>					
Trade payables	11.2	-	-	220	220
Other financial liabilities including lease liabilities	9 & 11.1	-	-	220	220
<b>Total</b>				220	220

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.

## 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).



## 22 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 Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board of Directors, supported by finance, legal and compliance team, identify and analyse the risks faced by the company, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the company's activities.

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

### i) 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. 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 such as cash and cash equivalents and other 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

Management considers that the demographics of the Company's customer base, including the default risk of the industry in which customers operate, has less of an influence on credit risk. Exposures to customers outstanding at the end of each reporting year are reviewed by the Company to determine incurred and expected credit losses. Historical trend of impairment of trade receivables do not reflect any significant credit losses. Basis this assessment, the allowance for doubtful trade receivables as at March 31, 2024 is considered adequate.

There are no financial assets that are past due but not unsecured.

The entire trade receivables are due from Holding Company in United States of America.

### ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company generates sufficient cash flow for operations, which together with the available cash and cash equivalents and short term investments provide liquidity in the short-term and long-term. In addition, the Company has concluded arrangements with well reputed banks and also plans to negotiate additional facilities for funding as and when required. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities.

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 management.

The liquidity position of the Company is given below:

Particulars	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents	2,716	1
Trade receivables	11	59
Other financial assets	108	-
Other current assets	156	109

The table below provides details regarding the contractual maturities (undiscounted cashflow) of significant financial liabilities as at March 31, 2024 and as at March 31, 2023:

Particulars	₹ in Lakhs			
	As at March 31, 2024			
	Less than 1 year	1-2 years	2 years & above	Total
Trade payables	12	-	-	12
Lease liabilities	146	-	-	146

Particulars	₹ in Lakhs			
	As at March 31, 2023			
	Less than 1 year	1-2 years	2 years & above	Total
Other financial liabilities	23	-	-	23
Lease liabilities	148	63	-	211

### iii) Market risk

#### Foreign currency exchange rate risk

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. Dollar). 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.

The following table presents foreign currency risk from non-derivative financial instruments as at March 31, 2024 and as at March 31, 2023.

Exposure currency	₹ in Lakhs	
	As at March 31, 2024	As at March 31, 2023
	USD	USD
Assets		
Trade receivables	11	59
Net assets/liabilities	11	59

For the year ended March 31, 2024, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.02 %/ (0.02)%. For the year ended March 31, 2023, the impact on operating margins would be 0.14%/ (0.14)%.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investments. The Company's investments are primarily short-term, which do not expose it to significant interest rate risk.



## 23 Capital management

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

₹ in Lakhs		
Particulars	As at March 31, 2024	As at March 31, 2023
Total equity attributable to the equity share holders of the Company	3,047	2,670
As percentage of total capital	96%	92%
Current borrowings	-	-
Total lease liabilities	141	220
<b>Total borrowings and lease liabilities</b>	<b>141</b>	<b>220</b>
As a percentage of total capital	4%	8%
<b>Total capital (borrowings and equity)</b>	<b>3,188</b>	<b>2,890</b>

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 fixed deposits with bank.

## 24 Employee benefit plans

### i) Defined contribution plans

In accordance with the law, all employees of the company are entitled to receive benefits under the provident and pension fund. The company has no obligation other than the contribution to the provident and pension fund.

#### (a) Provident fund

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

Provident fund contributions amounting to ₹ 63 lakhs (₹ 25 lakhs for year ended March 31, 2023) 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).

### ii) Defined benefit plans - Gratuity

Gratuity is a defined benefit plan and Company is exposed to the following Risks:

**Interest rate risk:** A fall in the discount rate which is linked to the government securities rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increases the mark to market value of the assets depending on the duration of asset.

**Salary risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset liability matching (ALM) risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Mortality risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.

**Concentration risk:** Plan is having a concentration risk as all the assets are invested with the insurance company and a default will wipe out all the assets. Although probability of this is very low as insurance companies have to follow stringent.

### As per valuation

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

	March 31, 2024	March 31, 2023
Discount rate(s)	7.19%	7.47%
Expected rate(s) of salary increase	5.00%	5.00%
Mortality Rate	Indian Assured Lives Mortality 2012-14	Industry mortality table IALM 2012-14
Expected return on planned assets	7.19%	NA
Attrition rate	For service 4 years and below 25.00% p.a. For service 5 years and above 10.00% p.a.	15%
Retirement age	60 years	60 years

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

For the period ended	March 31, 2024	March 31, 2023
<b>Service Cost:</b>		
Current service cost	13	11
Net interest cost	1	-
<b>Total</b>	<b>14</b>	<b>11</b>
<b>Remeasurement on the net defined benefit liability:</b>		
Return on plan assets (excluding amounts included in net interest expense)	2	-
Actuarial (gains) / losses arising from changes in financial assumptions	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	(7)	-
Actuarial (gains) / losses arising from experience adjustments	(1)	-
Components of defined benefit costs recognised in other comprehensive income	(6)	-



**QUANT CLOUD SOLUTIONS PRIVATE LIMITED**

**Notes to the financial statements for the year ended March 31, 2024**

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)	
	March 31, 2024	March 31, 2023
The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:		
Present value of funded defined benefit obligation	(17)	(11)
Fair value of plan assets	15	-
<b>Net (liability) / Assets arising from defined benefit obligation (Current)</b>	<b>(2)</b>	<b>(11)</b>
Movements in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	11	-
Current service cost	13	11
Interest cost	1	-
Remeasurement (gains)/losses:	-	-
Actuarial (gains) / losses arising from Demographic adjustments	(7)	-
Actuarial (Gains)/Losses on Obligations - Due to Experience	(1)	-
Benefits paid	-	-
<b>Closing defined benefit obligation</b>	<b>17</b>	<b>11</b>
Movements in the fair value of the plan assets are as follows:		
Opening fair value of plan assets	-	-
Interest income	-	-
Actuarial gain from change in assumption	(2)	-
Contributions from the employer	17	-
Benefits paid	-	-
<b>Closing fair value of plan assets</b>	<b>15</b>	<b>-</b>

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

	March 31, 2024	March 31, 2023
Insurer Managed Funds	100%	-
Category of funds :C168		
Secure Fund	3.03%	-
Defensive Fund	54.87%	-
Balanced Fund	42.06%	-
Stable Fund	0.04%	-

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

	March 31, 2024		March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(1)	2	-	-
Future salary growth (1% movement)	2	(1)	-	-
Change in employee turnover (1% movement)	(0)	0	-	-

The Company expects to contribute ₹ 12 lakhs to its defined benefit plans during the next fiscal year.

The expected rate of return on plan assets is determined after considering several applicable factors such as the composition of the plan assets, investment strategy, market scenario, etc. In order to 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.

**Maturity profile of defined benefit obligation:**

	(₹ in Lakhs)	
	As at March 31, 2024	As at March 31, 2023
Within 1 year	-	-
1-2 years	-	-
2-3 years	1	-
3-4 years	2	-
4-5 years	2	-
5 years and Above	31	-

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.





QUANT CLOUD SOLUTIONS PRIVATE LIMITED

Notes to the financial statements for the year ended March 31, 2024

iii ) Other employee benefits - Compensated absences

As per valuation

The compensated absence obligations includes the Group's liability for earned leave and sick leave.

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

Particulars	As at March 31, 2024	As at March 31, 2023
	31st March 2024	31st March 2023
Discount rate(s)	7.19%	-
Expected rate(s) of salary increase	5.00%	-
Employee turnover	Service Based:Upto 4 years: 25.00%;Thereafter: 10.00%	-
Mortality Rate	Indian assured lives mortality 2012-14	-
Retirement age	60 years	-
Leave availment (%)	20.00%	-

The amount included in the balance sheet arising from the Company's obligation in respect of its compensated absences is as follows:

Particulars	As at 31st March 2024	As at 31st March 2023
Current liability	9	-
Present value of compensated absences	9	-

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(8)	9	-	-
Future salary growth (1% movement)	9	(8)	-	-

Maturity profile of compensated absences:

Particulars	As at March 31, 2024	As at March 31, 2023
Within 1 year	6	-
1-2 years	3	-

25 Segment reporting

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

In view of the above, primary and secondary reporting disclosures for business /geographical segments, as envisaged in Ind AS 108 are not applicable to the Company. The entire revenue is earned from Holding Company based out of United States of America.

26 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	Year ended March 31, 2024	Year ended March 31, 2023
Profit after tax attributable to equity shareholders (a)	372	151
Weighted average number of equity shares outstanding during the year for basic EPS (b)	9,08,337	9,08,337
Weighted average number of equity shares outstanding during the year for diluted EPS (c)	9,08,337	9,08,337
Basic earning per share (a/b)	41	18
Diluted earning per share (a/c)	41	18

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



**QUANT CLOUD SOLUTIONS PRIVATE LIMITED**  
**Notes to the financial statements for the year ended March 31, 2024**

**28. Distributions made and proposed :**

There has been no dividend distributed or proposed to equity shareholders for the year ended March 31, 2024 and year ended March 31, 2023.

**29. Related party disclosure**

**i) Details of related parties :**

Description of relationship	Names of related parties
a) Holding Company	Quant Systems Inc.
b) Fellow subsidiaries	Sonata Information Technology Limited
(c) Post-employment benefit plan (Refer note 24)	Sonata Software Gratuity Fund Sonata Software Officers Superannuation Fund
(d) Key management personnel (KMP)	Mr. Jagannathan Chakravarthi, Director (from Mar 15, 2023) Mr. Sujit Mohanty (from Mar 15, 2023) Mr. Hassan Prakash Suresh, Director (from May 1, 2023) Mr. Pasham Ram Reddy (upto Mar 15, 2023) Mrs. Pasham Swetha Reddy (upto Mar 15, 2023)

ii) Transactions with related parties :

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
<b>Rendering of services</b> Quant Systems Inc.	2,895	1,699
<b>Compensation of KMP</b> Mr. Pasham Ram Reddy Mrs. Pasham Swetha Reddy	- -	4 4
<b>Purchase of Software products, licenses and Project Fees</b> Sonata Information Technology Limited	35	-

Particulars	For the year ended	For the year ended
	March 31, 2024	March 31, 2023
<b>Balances outstanding at the end of the year</b>		
<b>Trade receivables</b> Quant Systems Inc.	11	59.00
<b>Trade payables</b> Sonata Information Technology Limited	-	1

**Terms and conditions with related party:**

1. The sales to, purchases, commission income and rent income from related parties are made on terms equivalent to those that prevail in arm's length transactions
2. The balance outstanding above are unsecured and would be settled in cash.



**30. Leases**

The company leases mainly comprise of buildings. The company leases buildings for operational purposes.

Following are the changes in the carrying value of right of use assets:

Particulars	₹ in lakhs	
	As at	As at
	March 31, 2024	March 31, 2023
	Buildings	Buildings
Balance at the beginning	198	147
Additions	118	266
Deletion	-	(119)
Depreciation for the year	(201)	(96)
<b>Balance at the end of the year</b>	<b>115</b>	<b>198</b>

Incremental borrowing rate used for discounting of lease liabilities is 9.95 % based on the lease term.

The following is the movement in lease liabilities:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning	196	157
Additions	118	266
Finance cost accrued during the year	19	22
Deletions	-	(235)
Payment of lease liabilities	(192)	(14)
<b>Balance at the end of the year</b>	<b>141</b>	<b>196</b>

The following is the break-up of lease liabilities based on their maturities:

Particulars	₹ in lakhs	
	As at	As at
	March 31, 2024	March 31, 2023
Current lease liabilities	141	135
Non-current lease liabilities	-	62
<b>Total</b>	<b>141</b>	<b>197</b>

**Contractual maturities of lease liabilities**

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2024 on an undiscounted basis:

Particulars	₹ in lakhs	
	As at	As at
	March 31, 2024	March 31, 2023
Not later than one year	146	148
Later than one year and not later than 5 years	-	63
Later than 5 years	-	-

The Company had total cash outflow of ₹ 192 lakhs during the year ended March 31, 2024 (March 31, 2023 - ₹ 98 lakhs) for leases recognized in balance sheet. The Company has made a non-cash addition to lease liabilities is Nil during the year ended March 31, 2024 (March 31, 2023 - Nil).

The Company recognized the following income and expense in the statement of profit and loss pertaining to leased assets:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Finance cost on lease liabilities during the year	19	22
Depreciation on ROU assets	201	96
Rent expense pertaining to short-term lease	-	-
<b>Total</b>	<b>220</b>	<b>118</b>



31. The table below provides financial ratios:

Ratio/Measure	Methodology	For the year ended March 31, 2024	For the year ended March 31, 2023	Reason for variance exceeding 25% as compared to the preceding year
Current ratio	Current assets over current liabilities	18.13	0.58	Proceeds from sale of assets invested in bank deposits in current financial year.
Debt-equity ratio	Debt over total shareholders equity	0.05	0.07	Improved ratio on account of increased turnover and profit in current financial year.
Debt service coverage ratio	EBITDA over current debt	5.66	1.80	Improved ratio on account of increased turnover and profit in current financial year.
Return on equity ratio	PAT over total average equity	0.13	0.09	Higher ratio as margin of cost plus 15% is maintained across the current financial year.
Trade receivable turnover ratio	Revenue from operations over trade receivables	263	28.80	Higher ratio due to increase in sales turnover and improved collections of trade receivables in the
Trade payable turnover ratio	Adjusted expenses over trade payables	189	-	There are no trade payables outstanding in previous year.
Net capital turnover ratio	Revenue from operations over working capital	0.98	11.67	Increase in working capital base due to sale of assets in current financial year.
Net profit ratio	Net profit over revenue	0.13	0.09	Margin of cost plus 15% is maintained across the current financial year.
Return on capital employed	EBIT over capital employed	0.18	0.09	Margin of cost plus 15% is maintained across the current financial year.

Notes:

EBITDA - Earnings before interest, taxes, depreciation and amortisation

PAT - Profit after taxes

EBIT - Earnings before interest and taxes.

Debt includes current and non-current lease liabilities.

Adjusted expenses derived from total expenses excluding depreciation and finance cost.

working capital derived from current assets in excess of current liabilities excluding borrowings & lease liabilities.

32: No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entities, with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.


No funds have been received by the Company from any person or entity, including foreign entity (Funding Parties), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.


As per our report of even date attached

For B S R & Co LLP  
Chartered Accountants  
(Firm's Registration No: 101248W/W-100022)

Amrit Bhansali  
Partner  
(Membership No. 065155)

For and on behalf of the Board of Directors of Quant Cloud Solutions  
Private Limited

  
Jagannathan CN  
Director  
DIN: 08255902

  
Suresh HP  
Director  
DIN: 10124549

Place : Bengaluru  
Date : May 06, 2024

Place : Bengaluru  
Date : May 06, 2024





**SONATA EUROPE LIMITED**  
**Balance Sheet as at March 31, 2024**

			GBP
		As at	As at
	Note No.	March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	3	7,522	-
Goodwill		1,956,600	-
Other intangible assets		1,402,187	-
Deferred tax assets		585,843	-
Financial assets			
Investments	4	2,038,618	3,559,555
<b>Total non-current assets</b>		<b>5,990,771</b>	<b>3,559,555</b>
<b>CURRENT ASSETS</b>			
Inventories			
Financial assets			
Trade receivables	5	2,795,069	3,826,636
Cash and cash equivalents	5.1	806,430	960,155
Other financial assets	5.2	7,138,848	8,840,117
Other current assets	5.3	3,425,910	414,407
<b>Total current assets</b>		<b>14,166,257</b>	<b>14,041,315</b>
<b>Total assets</b>		<b>20,157,028</b>	<b>17,600,870</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	6	2,460,360	2,460,360
Other equity	7	11,031,855	10,552,326
<b>Total Equity</b>		<b>13,492,215</b>	<b>13,012,686</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Financial liabilities			
Trade payables		5,786,300	3,591,007
Other Financial liabilities	10	685,347	483,928
Other current liabilities	11	14,118	437,799
Provisions	12	179,048	75,450
<b>Total current liabilities</b>		<b>6,664,813</b>	<b>4,588,184</b>
<b>Total equity and liabilities</b>		<b>20,157,028</b>	<b>17,600,870</b>

**Statement of Profit and Loss for the quarter and year ended Mar 31, 2024**

					GBP	
		For the quarter ended March 31, 2024	For the quarter ended December 31,2023	For the quarter ended March 31,2023	For the year ended March 31, 2024	For the year ended March 31, 2023
REVENUE						
Revenue from software services	13	3,026,403	3,140,275	5,654,171	14,073,949	19,929,034
Revenue from software product and licenses		149,536	166,032	67,178	854,603	338,103
Other operating revenues		18,468	31,625	5,401	77,190	88,845
Other income	14	12,855	12,882	17,061	473,372	57,672
Total Revenue		3,207,262	3,350,814	5,743,811	15,479,114	20,413,654
EXPENSES						
Purchase of stock-in-trade (traded goods)		105,601	197,077	89,064	750,608	508,053
Employee benefit expenses	15	608,311	599,160	269,138	2,317,492	1,349,452
Depreciation and amortization expense	3	771	650	581	1,771	3,227
Other expenses	16	3,562,917	2,991,161	4,953,019	14,083,204	16,803,061
Total Expenses		4,277,600	3,788,048	5,311,802	17,153,075	18,663,793
Profit before tax		(1,070,338)	(437,234)	432,009	(1,673,961)	1,749,861
Current tax expense		-	-	82,082	27,668	250,940
Deferred tax		(203,296)	(83,070)		(345,651)	-
Net tax expense		(203,296)	(83,070)	82,082	(317,983)	250,940
Profit for the year		(867,042)	(354,164)	349,927	(1,355,978)	1,498,921

**SONATA EUROPE LIMITED**  
**Cash Flow Statement for the year ended March 31, 2024**

**GBP**

	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>(1,673,961)</b>	<b>1,749,861</b>
Adjustments for :		
Depreciation and amortization expense	1,771	3,227
Allowance for bad & doubtful trade receivables	78,296	128,362
Provision no longer required (net)	(411,943)	-
Interest income	(61,429)	(57,672)
Unrealized foreign exchange (gain) / loss	170,802	(173,284)
<b>Operating Profit before working capital changes</b>	<b>(1,896,464)</b>	<b>1,650,494</b>
Adjustments for :		
Decrease/(increase) in trade receivables	974,197	(946,207)
Decrease/(increase) in other current assets	(3,011,503)	(2,289,596)
Decrease/(increase) in other short term loans and Advances	-	(397,142)
Decrease/(increase) in other financial assets	1,503,206	(53,455)
(Decrease)/increase in trade payables	2,195,293	1,078,560
(Decrease)/increase in other current liabilities	(423,681)	39,861
(Decrease)/increase in other financial liabilities	201,419	-
(Decrease)/increase in non-current liabilities	-	100,535
(Decrease)/increase in short-term provisions	103,598	44,475
<b>Cash generated from operations</b>	<b>(353,935)</b>	<b>(772,476)</b>
Direct taxes/advance tax paid (net)	(61,787)	(239,719)
<b>Net cash from operating activities</b>	<b>(415,722)</b>	<b>(1,012,194)</b>
<b>Net cash from operating activities after exceptional items</b>	<b>(415,722)</b>	<b>(1,012,194)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including intangible assets, CWIP	(9,296)	-
Interest received	61,429	57,672
Issue of ICD GMBH	(81,707)	(101,644)
Issue of ICD GBW	-	(506,790)
Repayment of ICD	291,572	588,214
<b>Net cash flow from investing activities</b>	<b>261,999</b>	<b>37,452</b>
Net increase/(decrease) in cash and cash equivalents	(153,723)	(974,742)
Opening cash and cash equivalents	960,155	1,934,897
<b>Closing cash and cash equivalents</b>	<b>806,430</b>	<b>960,155</b>
Balances with banks		
In Current accounts	806,430	960,155
<b>Total</b>	<b>806,430</b>	<b>960,155</b>

3 : Property, Plant and Equipment

GBP

Tangible Assets				
Particulars	Leasehold Improvements	Furniture and Fixtures	Plant and Equipments	Total Tangible Assets
<b>As at April 1, 2023</b>	<b>93,005</b>	<b>24,595</b>	<b>-</b>	<b>117,600</b>
Additions	-	-	9,625	9,625
Disposals/Write off				-
Forex gain/Loss			(328)	(328)
<b>As at December 31, 2023</b>	<b>93,005</b>	<b>24,595</b>	<b>9,296</b>	<b>126,896</b>
				-
<b>As at April 1, 2023</b>	<b>93,005</b>	<b>24,595</b>	<b>-</b>	<b>117,600</b>
Additions	-	-	9,296	9,296
Disposals/Write off				-
Forex gain/Loss				-
<b>As at March, 31, 2024</b>	<b>93,005</b>	<b>24,595</b>	<b>9,296</b>	<b>126,896</b>
<b>Depreciation/ Amortization</b>				
<b>As at April 1, 2023</b>	<b>93,005</b>	<b>24,595</b>	<b>3</b>	<b>117,603</b>
Charge for the year	-	-	997	997
Disposals/Write off	-	-	-	-
<b>As at December 31, 2023</b>	<b>93,005</b>	<b>24,595</b>	<b>1,000</b>	<b>118,600</b>
<b>As at April 1, 2023</b>	<b>93,005</b>	<b>24,595</b>	<b>3</b>	<b>117,603</b>
Charge for the year	-	-	1,771	1,771
Disposals/Write off	-	-	-	-
<b>As at March, 31, 2024</b>	<b>93,005</b>	<b>24,595</b>	<b>1,774</b>	<b>119,374</b>
<b>Net Block</b>				
<b>As at April 1, 2023</b>	<b>-</b>	<b>3,227</b>	<b>-</b>	<b>3,227</b>
<b>As at December 31, 2023</b>	<b>-</b>	<b>-</b>	<b>8,296</b>	<b>8,296</b>
<b>As at March, 31, 2024</b>	<b>-</b>	<b>-</b>	<b>7,522</b>	<b>7,522</b>

Sonata Europe Limited  
Notes forming part of financial statements

	GBP	
	As at	As at
	March 31, 2024	March 31, 2023
<b>4 : Investments</b>		
Investments - GBW	2,038,618	3,559,555
<b>Total</b>	<b>2,038,618</b>	<b>3,559,555</b>
<b>5 : Trade receivables</b>		
Unsecured		
Considered good	2,795,069	3,826,636
Considered doubtful	76,820	182,455
	2,871,890	4,009,091
Less : Provision for doubtful trade receivables	76,820	182,455
<b>Total</b>	<b>2,795,069</b>	<b>3,826,636</b>
<b>5.1 : Cash and cash equivalents</b>		
In Current accounts	806,430	960,155
<b>Total</b>	<b>806,430</b>	<b>960,155</b>
<b>5.2 : Other financial assets</b>		
Unsecured, considered good		
Inter-corporate deposits	740,642	995,252
Security deposits	39,780	39,780
Advance taxes	40,794	6,675
Receivable on sale of subsidiary	4,531,816	4,665,299
Unbilled revenue	1,645,849	3,049,691
Interest accrued on Inter-corporate deposits	139,967	83,420
<b>Total</b>	<b>7,138,848</b>	<b>8,840,117</b>
<b>5.3 : Other current assets</b>		
Loans and advances to related parties - Advances recoverable	1,943,947	397,361
Prepaid expenses	9,259	11,819
Other recoverables	1,472,704	5,227
<b>Total</b>	<b>3,425,910</b>	<b>414,407</b>
<b>6 : Equity Share capital</b>		
<b>Authorized</b>		
Common Stock \$1 par value, 3,500,000 shares	<b>3,500,000</b>	<b>3,500,000</b>
(March 31, 2022 Common Stock \$1 par value, 3,500,000 shares)		
<b>Issued, Subscribed and paid-up</b>		
800 Ordinary shares of GBP 1 each	800	800
(Previous year 800 Ordinary shares of £ 1 each)		
24,59,560, 2% Redeemable convertible preference shares of £ 1 each)	2,459,560	2,459,560
<b>Total</b>	<b>2,460,360</b>	<b>2,460,360</b>
<b>7 : Other equity</b>		
Capital redemption reserve	<b>3,235,440</b>	<b>3,235,440</b>
Opening balance	7,316,886	5,817,965
Profit for the year	(1,355,978)	1,498,921
Gabuster acquisition	1,835,507	-
<b>Closing balance</b>	<b>7,796,415</b>	<b>7,316,886</b>
<b>Total</b>	<b>11,031,855</b>	<b>10,552,326</b>
<b>10 : Other Financial liabilities</b>		
Incentive payable - short term	-	299,362
Statutory remittances	329,442	70,002
Reimbursable Expenses payable to related party	355,905	14,029
Other financial liabilities	-	100,535
	<b>685,347</b>	<b>483,928</b>
<b>11 : Other current liabilities</b>		
Payable for acquisition or business consideration	-	407,902
Advances from customers	-	12,758
Others	14,118	17,139
<b>Total</b>	<b>14,118</b>	<b>437,799</b>
<b>12 : Provisions</b>		
Provision for compensated absences	179,048	75,450
<b>Total</b>	<b>179,048</b>	<b>75,450</b>

	GBP				
	For the quarter ended March 31, 2024	For the quarter ended December 31, 2023	For the quarter ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>13 : Revenue from software services</b>					
Revenue from software services	3,026,403	3,140,275	5,654,171	14,073,949	19,929,034
Revenue from software product and licenses	149,536	166,032	67,178	854,603	338,103
Other operating revenues	18,468	31,625	5,401	77,190	88,845
<b>Total</b>	<b>3,194,407</b>	<b>3,337,932</b>	<b>5,726,750</b>	<b>15,005,742</b>	<b>20,355,982</b>
<b>14 : Other income</b>					
Interest income	12,855	13,288	17,061	61,429	57,672
Provision no longer required written back	-	-	-	411,943	-
<b>Total</b>	<b>12,855</b>	<b>12,882</b>	<b>17,061</b>	<b>473,372</b>	<b>57,672</b>
<b>Purchase of stock-in-trade (traded goods)</b>					
Purchase of traded items	105,601	197,077	89,064	750,608	508,053
<b>Total</b>	<b>105,601</b>	<b>197,077</b>	<b>89,064</b>	<b>750,608</b>	<b>508,053</b>
<b>15 : Employee benefit expenses</b>					
Salaries, wages, bonus and allowances	498,168	519,469	220,408	1,951,069	1,193,787
NIC Contribution	98,169	72,318	44,361	342,876	141,015
Staff welfare expenses	11,974	7,373	4,369	23,547	14,650
<b>Total</b>	<b>608,311</b>	<b>599,160</b>	<b>269,138</b>	<b>2,317,492</b>	<b>1,349,452</b>
<b>16 : Other expenses</b>					
Power and fuel	1,410	1,585	674	4,357	2,696
Rent	7,210	6,787	7,801	29,255	31,252
Repairs and maintenance - Machinery	807	-	-	843	336
Insurance	4,751	1,417	185	10,706	2,105
Rates and taxes	4,111	4,038	7,180	13,475	16,694
Communication cost	3,485	2,003	3,671	8,768	6,679
Facility maintenance	7,920	2,937	3,830	16,891	19,968
Travelling and conveyance expenses	70,633	93,951	123,069	330,678	313,007
Recruitment	39,610	-	-	60,610	53,890
Software License Fees	-	-	-	-	3,550
Sales commission	2,460	(11,074)	200,009	(7,578)	261,928
Software Project fees	2,635,746	2,240,879	3,519,384	10,960,636	13,538,609
Professional and technical fees	189,619	136,891	350,843	440,358	1,043,331
Legal fees	-	-	-	-	600
Insourcing professional fees	470,469	512,423	397,894	1,876,139	1,487,446
Net loss on foreign currency transaction and translatio	57,681	(17,931)	86,156	148,609	(173,051)
Provision for doubtful trade receivables	(1,798)	1,373	133,323	78,296	128,362
Payment to auditors	5,500	5,500	4,000	20,000	-
Miscellaneous expenses	63,303	10,382	60,087	91,161	65,659
<b>Total</b>	<b>3,562,917</b>	<b>2,991,161</b>	<b>4,898,106</b>	<b>14,083,204</b>	<b>16,803,061</b>

**Sonata Australia Pty Ltd.**  
**Balance Sheet as at Mar 31, 2024**

		AUD	
	Note No.	As At March 31, 2024	As At March 31, 2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	3	23,750	42,447
<b>Total non-current assets</b>		<b>23,750</b>	<b>42,447</b>
<b>CURRENT ASSETS</b>			
Financial assets			
Trade receivables	5	4,092,032	6,694,509
Cash and cash equivalents	6	978,030	2,690,923
Other financial assets	7	1,627,906	991,324
Other current assets	8	235,271	118,475
<b>Total current assets</b>		<b>6,933,239</b>	<b>10,495,231</b>
<b>TOTAL</b>		<b>6,956,989</b>	<b>10,537,678</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	9	2	2
Other equity	10	4,308,031	4,588,475
<b>Total Equity</b>		<b>4,308,033</b>	<b>4,588,477</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade payables		478,698	3,621,297
Other financial liabilities	11	758,815	717,300
Provisions	13	387,619	345,939
Current tax liabilities	14	1,023,825	1,264,665
<b>Total current liabilities</b>		<b>2,648,957</b>	<b>5,949,201</b>
<b>TOTAL</b>		<b>6,956,989</b>	<b>10,537,678</b>

## Sonata Australia Pty Ltd.

## Statement of Profit and Loss for the quarter and for the year ended 31st Mar, 2024.

						AUD
		For the quarter ended	For the quarter ended	For the quarter ended	For the year ended	For the year ended
	Note No.	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
<b>REVENUE</b>						
Revenue from operations	15	3,886,772	2,654,394	4,743,529	15,391,199	13,121,027
Revenue from hardware/software product and licenses		330,668	768,344	368,121	3,248,368	2,725,370
Other income	15.1	10,523	1,394	17,167	6,280	60,096
<b>Total revenue</b>		<b>4,227,963</b>	<b>3,424,131</b>	<b>5,128,817</b>	<b>18,645,848</b>	<b>15,906,492</b>
<b>EXPENSES</b>						
Purchase of stock-in-trade (traded goods)		250,489	344,049	346,653	1,885,891	1,944,128
Employee benefit expenses	16	1,976,806	2,057,455	1,607,398	8,307,741	6,294,750
Depreciation and amortization expense	3	3,912	4,273	6,135	18,697	23,198
Other expenses	17	1,016,182	1,103,997	1,079,509	4,180,622	4,019,770
<b>Total expenses</b>		<b>3,247,389</b>	<b>3,509,773</b>	<b>3,039,694</b>	<b>14,392,951</b>	<b>12,281,846</b>
<b>Profit before tax</b>		<b>980,574</b>	<b>(85,642)</b>	<b>2,089,123</b>	<b>4,252,897</b>	<b>3,624,646</b>
Current tax expense		202,079	-	1,089,580	1,233,340	1,440,757
<b>Profit after tax</b>		<b>778,495</b>	<b>(85,642)</b>	<b>999,543</b>	<b>3,019,557</b>	<b>2,183,889</b>



**Sonata Australia Pty Ltd.**  
**Cash Flow Statement for the year ended 31st Mar, 2024**

		AUD
		For the year ended March 31, 2024
		For the year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>		<b>4,252,897</b>
		<b>3,624,646</b>
Adjustments for :		
<b>Depreciation and amortization expense</b>	18,697	23,198
Interest income	(5,642)	(5,698)
(Profit)/loss on sale of fixed assets / assets scrapped		(194)
Unrealized foreign exchange (gain) / loss	(153,157)	(140,972)
<b>Operating Profit before working capital changes</b>	<b>4,112,795</b>	<b>3,500,980</b>
Adjustments for :		
Decrease/(increase) in trade receivables	2,755,634	(2,124,470)
Decrease/(increase) in other current assets	(116,796)	(43,976)
Decrease/(increase) in other financial assets	(636,582)	(967,724)
(Decrease)/increase in trade payables	(3,142,599)	2,231,148
(Decrease)/increase in other current liabilities	-	(3,013)
(Decrease)/increase in other financial liabilities	41,516	(39,749)
(Decrease)/increase in short-term provisions	(199,160)	907,626
<b>Cash generated from operations</b>	<b>2,814,807</b>	<b>3,460,821</b>
Direct taxes/advance tax paid (net)	(1,233,340)	(1,440,757)
<b>Net cash from operating activities</b>	<b>A</b>	<b>1,581,467</b>
<b>Net cash from operating activities after exceptional items</b>		<b>1,581,467</b>
		<b>2,020,064</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including intangible assets, CWIP and Investments-short term	-	(46,596)
Interest received	5,642	5,698
<b>Net cash flow from investing activities</b>	<b>B</b>	<b>5,642</b>
		<b>(40,898)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend paid	(3,300,000)	(500,000)
<b>Net cash from financing activities</b>	<b>C</b>	<b>(3,300,000)</b>
		<b>(500,000)</b>
Net increase/(decrease) in cash and cash equivalents	<b>(A+B+C)</b>	(1,712,891)
		1,479,166
Opening cash and cash equivalents		2,690,921
		1,211,756
<b>Closing cash and cash equivalents</b>		<b>978,030</b>
		<b>2,690,922</b>
Cash and cash equivalents at the half year ended Comprises :		
Cash on hand		625
		625
Balances with banks		
In Current accounts	943,716	2,656,329
In Deposit accounts	33,689	33,968
<b>Total</b>	<b>978,030</b>	<b>2,690,922</b>

Sonata Australia Pty Ltd.  
Notes forming part of the financial statements

3 : Property, Plant and Equipment

AUD

Tangible Assets				
Particulars	Office Equipments	Furniture and Fixtures	Plant and Equipments	Total Tangible Assets
As at April 1, 2023	19,235	36,189	107,655	163,079
Additions	-	-	-	-
Disposals/Write off	-	-	-	-
<b>As at June 30, 2023</b>	<b>19,235</b>	<b>36,189</b>	<b>107,655</b>	<b>163,079</b>
As at April 1, 2023	19,235	36,189	107,655	163,079
Additions	-	-	-	-
Disposals/Write off	-	-	-	-
<b>As at Sept 30, 2023</b>	<b>19,235</b>	<b>36,189</b>	<b>107,655</b>	<b>163,079</b>
As at April 1, 2023	19,235	36,189	107,655	163,079
Additions	-	-	-	-
Disposals/Write off	-	-	-	-
<b>As at Dec 31, 2023</b>	<b>19,235</b>	<b>36,189</b>	<b>107,655</b>	<b>163,079</b>
As at April 1, 2023	19,235	36,189	107,655	163,079
Additions	-	-	-	-
Disposals/Write off	-	-	-	-
<b>As at Mar 31, 2024</b>	<b>19,235</b>	<b>36,189</b>	<b>107,655</b>	<b>163,079</b>
<b>Depreciation/ Amortization</b>				
<b>As at April 1, 2023</b>	<b>19,235</b>	<b>36,189</b>	<b>65,207</b>	<b>120,632</b>
Charge for the Year	-	-	5,525	5,525
Disposals/Write off	-	-	-	-
<b>As at June 30, 2023</b>	<b>19,235</b>	<b>36,189</b>	<b>70,732</b>	<b>126,156</b>
<b>As at April 1, 2023</b>	<b>19,235</b>	<b>36,189</b>	<b>65,207</b>	<b>120,632</b>
Charge for the Year	-	-	10,512	10,512
Disposals/Write off	-	-	-	-
<b>As at Sept 30, 2023</b>	<b>19,235</b>	<b>36,189</b>	<b>75,719</b>	<b>131,144</b>
<b>As at April 1, 2023</b>	<b>19,235</b>	<b>36,189</b>	<b>65,207</b>	<b>120,632</b>
Charge for the Year	-	-	14,785	14,785
Disposals/Write off	-	-	-	-
<b>As at Dec 31, 2023</b>	<b>19,235</b>	<b>36,189</b>	<b>79,992</b>	<b>135,417</b>
<b>As at April 1, 2023</b>	<b>19,235</b>	<b>36,189</b>	<b>65,207</b>	<b>120,632</b>
Charge for the Year	-	-	18,697	18,697
Disposals/Write off	-	-	-	-
<b>As at Mar 31, 2024</b>	<b>19,235</b>	<b>36,189</b>	<b>83,904</b>	<b>139,329</b>
<b>Net Block:</b>				
As at March 31, 2023	(0)	(0)	42,447	42,447
As at June 30, 2023	(0)	(0)	36,923	36,922
As at Sept 30, 2023	(0)	(0)	31,935	31,935
As at Dec 31, 2023	(0)	(0)	27,662	27,662
As at Mar 31, 2024	(0)	(0)	23,750	23,750

**Sonata Australia Pty Ltd.**  
**Notes forming part of financial statements**

	AUD	
	As At March 31, 2024	As At March 31, 2023
<b>5 : Trade receivables</b>		
Unsecured		
Considered good	4,092,032	6,694,509
Considered doubtful	251,072	(8,643)
	4,343,105	6,685,866
Less : Provision for doubtful trade receivables	251,072	(8,643)
<b>Total</b>	<b>4,092,032</b>	<b>6,694,509</b>
<b>6 : Cash and cash equivalents</b>		
Cash on hand	625	625
In Current accounts	943,716	2,656,329
In Deposit accounts	33,689	33,969
<b>Total</b>	<b>978,030</b>	<b>2,690,923</b>
<b>7 : Other financial assets</b>		
Security deposits	20,372	25,579
Accrued Income	1,463,280	529,754
Loans and advances to related parties - Advances recoverable	103,236	432,701
Loans and advances to employees	40,855	3,290
Investments-short term	162	
<b>Total</b>	<b>1,627,906</b>	<b>991,324</b>
<b>8 : Other current assets</b>		
Prepaid expenses	57,241	50,860
Other recoverables	178,030	67,614
<b>Total</b>	<b>235,271</b>	<b>118,475</b>
<b>10 : Other equity</b>		
<b>Securities premium</b>		
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	4,588,474	2,904,586
Profit/(loss) for the year	3,019,557	2,183,889
Dividend Paid	(3,300,000)	(500,000)
<b>Total</b>	<b>4,308,031</b>	<b>4,588,475</b>
<b>11 : Other financial liabilities</b>		
Income received in advance (Unearned revenue)	102,403	65,438
Statutory remittances	276,671	569,836
Advances from customers	350,859	80,476
Amount payable to related party	28,882	1,550
<b>Total</b>	<b>758,815</b>	<b>717,300</b>
<b>13 : Provisions</b>		
Provision for compensated absences	387,619	345,939
<b>Total</b>	<b>387,619</b>	<b>345,939</b>
<b>14 : Current tax liabilities</b>		
Provision for tax	1,023,825	1,264,665
<b>Total</b>	<b>1,023,825</b>	<b>1,264,665</b>

Sonata Australia Pty Ltd.  
Notes forming part of financial statements

	AUD				
	For the quarter ended	For the quarter ended	For the quarter ended	For the year ended	For the year ended
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
<b>15 : Revenue from operations</b>					
Revenue from software services	3,886,772	2,654,394	4,735,477	15,385,371	13,112,975
Other operating revenues	-	-	8,052	5,828	8,052
<b>Total</b>	<b>3,886,772</b>	<b>2,654,394</b>	<b>4,743,529</b>	<b>15,391,199</b>	<b>13,121,027</b>
<b>15.1 : Other income</b>					
Interest income	1,173	1,394	3,196	5,642	5,698
Net gain on sale of investments	9	-	-	9	-
Provision no longer required written back	-	-	132	-	132
Miscellaneous income	-	-	13,839	630	54,266
<b>Total</b>	<b>1,181</b>	<b>1,394</b>	<b>17,167</b>	<b>6,280</b>	<b>60,096</b>
<b>16 : Employee benefit expenses</b>					
Salaries, wages, bonus and allowances	1,789,890	1,859,262	1,501,601	7,425,999	5,689,376
Contributions to provident and other funds	179,465	191,405	158,569	843,186	632,281
SHARE BASED PAYMENTS	-	-	(62,627)	-	(62,627)
Staff welfare expenses	7,451	6,787	9,854	38,555	35,719
<b>Total</b>	<b>1,976,806</b>	<b>2,057,455</b>	<b>1,607,398</b>	<b>8,307,741</b>	<b>6,294,750</b>
<b>17 : Other expenses</b>					
Rent	46,025	46,025	45,180	184,528	210,596
Repairs and maintenance - Machinery	-	150	224	525	3,626
Insurance	8,888	8,075	7,137	30,546	29,778
Rates and taxes	-	-	4,643	3,474	4,742
Communication cost	12,105	6,890	9,646	40,108	40,216
Facility maintenance	13,343	13,542	14,751	54,082	59,065
Travelling and conveyance expenses	32,068	44,734	61,436	106,548	92,878
Software Project fees	669,055	532,016	553,531	2,260,781	1,954,200
Professional and technical fees	35,287	11,866	25,756	56,561	30,176
Insourcing professional fees	201,982	177,166	447,120	1,156,239	1,478,804
Net loss on foreign currency transaction and translation	(32,947)	(14,666)	(43,124)	(153,157)	(140,972)
Bad debts	-	876	-	876	-
Provision for doubtful trade receivables	(1,541)	251,426	(86,187)	262,391	(82,142)
Recruitment	-	160	-	59,033	171,089
Software Licence Fee	2,041	12,757	23,705	64,170	110,000
Miscellaneous expenses	29,877	12,980	15,690	53,917	57,715
<b>Total</b>	<b>1,016,182</b>	<b>1,103,997</b>	<b>1,079,509</b>	<b>4,180,622</b>	<b>4,019,770</b>

## SONATA SOFTWARE INTERCONTINENTAL LIMITED

## Balance Sheet as at March 31, 2024

		Amount in euro	
	Note No.	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,295	-
Financial assets			
Other financial assets	4	7,819	-
Deferred tax assets (net)		101,752	-
Other non-current assets	5	41,302	19,015
<b>Total non-current assets</b>		<b>152,168</b>	<b>19,015</b>
<b>Current assets</b>			
Financial assets			
Investments	6	19,425	-
Trade receivables	6.1	827,874	276,063
Cash and cash equivalents	6.2	146,580	241,506
Other current assets	7	520,623	792,516
<b>Total current assets</b>		<b>1,514,503</b>	<b>1,310,085</b>
<b>Total assets</b>		<b>1,666,671</b>	<b>1,329,099</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Other equity	8	-57,390	548,202
<b>Total Equity</b>		<b>-57,390</b>	<b>548,202</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables		1,478,505	656,011
Other current liabilities	9	199,745	55,288
Provisions		43,208	17,500
Current tax liabilities (net)	10	2,603	52,098
<b>Total current liabilities</b>		<b>1,724,061</b>	<b>780,897</b>
<b>Provisions</b>			
<b>Total</b>			
<b>Total equity and liabilities</b>		<b>1,666,671</b>	<b>1,329,099</b>

## SONATA SOFTWARE INTERCONTINENTAL LIMITED

## Statement of Profit and Loss for the quarter and year ended 31st March, 24

						Amount in euro	
		Quarterly P/L Mar 24	Quarterly P/L 23	Dec	Quarterly P/L March 23	For the Period 1st April 23 to 31 March 24	For the Period 1st April 22 to 31 March 23
Note No.							
<b>REVENUE</b>							
Revenue from operations	11	273,700	376,704		737,791	1,382,476	1,539,126
Other income	12	202	-			202	-
<b>Total income</b>		<b>273,903</b>	<b>376,704</b>		<b>737,791</b>	<b>1,382,679</b>	<b>1,539,126</b>
<b>EXPENSES</b>							
Cost of goods sold	13	20,292	70,699		1	261,999	76,633
Employee benefit expenses	14	165,647	138,926		74,503	495,536	235,322
Depreciation and amortization expense	3	115	-		-	115	-
Other expenses	16	484,573	329,128		397,636	1,327,164	810,389
<b>Total expenses</b>		<b>670,627</b>	<b>538,753</b>		<b>472,140</b>	<b>2,084,813</b>	<b>1,122,344</b>
<b>Profit before tax</b>		<b>(396,724)</b>	<b>(162,048)</b>		<b>265,650</b>	<b>(702,135)</b>	<b>416,782</b>
<b>Tax expense</b>							
Current tax expense		-	-		22,030	5,208	52,098
Deferred tax		(68,783)	(32,968)			(101,751)	
<b>Net tax expense</b>		<b>(68,783)</b>	<b>(32,968)</b>		<b>22,030</b>	<b>(96,543)</b>	<b>52,098</b>
<b>Profit for the period</b>		<b>(327,941)</b>	<b>(129,080)</b>		<b>243,620</b>	<b>(605,592)</b>	<b>364,684</b>

**SONATA SOFTWARE INTERCONTINENTAL LIMITED**  
**Notes forming part of financial statements**

	Amount in euro	
	As at March 31, 2024	As at March 31, 2023
<b>4. Other financial assets</b>		
Sundry creditors - Employees - Debit balance	7,819	
<b>Total</b>	<b>7,819</b>	<b>-</b>
<b>5. Other non-current assets</b>		
Other deposits	2,400	2,400
Vat Input recoverable	38,902	16,615
<b>Total</b>	<b>41,302</b>	<b>19,015</b>
<b>6. Investments</b>		
Investment - Short term	19,425	-
<b>Total</b>	<b>-</b>	<b>-</b>
<b>6.1. Trade receivables</b>		
Unsecured		
Considered good	827,874	276,063
Considered doubtful	-	-
	827,874	276,063
Less : Allowances for credit losses	-	-
<b>Total</b>	<b>827,874</b>	<b>276,063</b>
<b>6.2. Cash and cash equivalents</b>		
In current accounts	146,580	241,506
<b>Total</b>	<b>146,580</b>	<b>241,506</b>
<b>7. Other current assets</b>		
Income accrued but not due - sales	517,842	792,088
Prepaid expenses	444	428
Other recoverables	2,337	-
<b>Total</b>	<b>520,623</b>	<b>792,516</b>
<b>8. Other equity</b>		
Opening balance	548,202	183,518
Profit for the period	(605,592)	364,684
<b>Closing balance</b>	<b>(57,390)</b>	<b>548,202</b>
<b>9. Other current liabilities</b>		
Advances from customers	69,011	
Statutory remittances	127,784	44,409
Others	2,950	10,879
<b>Total</b>	<b>199,745</b>	<b>55,288</b>
Provision for employee benefits - Compensated absences	43,208	17,500
	<b>43,208</b>	<b>17,500</b>
<b>10. Current tax liabilities (net)</b>		
Provision for tax	2,603	52,098
<b>Total</b>	<b>2,603</b>	<b>52,098</b>
<b>. Deferred tax assets (net)</b>		
Deferred tax assets (net)	101,752	-
<b>Total</b>	<b>101,752</b>	<b>-</b>

**SONATA SOFTWARE INTERCONTINENTAL LIMITED**  
**Notes forming part of financial statements**

	For the quarter ended 31st Mar 24	For the quarter ended 31st Dec 2023	Quarterly P/L for period ending Mar 23	For the Period 1st April 23 to 31 March 24	For the Period 1st April 22 to 31 March 23
<b>11. Revenue from operations</b>					
Revenue from software services	250,642	282,582	737,791	1,033,585	1,442,211
Revenue from Licenses	23,059	94,123	-	348,891	96,915
<b>Total</b>	<b>273,700</b>	<b>376,704</b>	<b>737,791</b>	<b>1,382,476</b>	<b>1,539,126</b>
<b>12. Other income</b>					
Net gain on current investments	202	-		202	-
<b>Total</b>	<b>202</b>	<b>-</b>		<b>202</b>	<b>-</b>
<b>13. Cost of goods sold</b>					
Software cost	20,292	70,699	1	261,999	76,633
Staff welfare expenses	518	518		7,026	2,360
	<b>20,810</b>	<b>71,217</b>	<b>1</b>	<b>269,025</b>	<b>78,993</b>
Deputation cost/Service charges from holding company					
<b>Total</b>	<b>20,292</b>	<b>70,699</b>	<b>1</b>	<b>261,999</b>	<b>76,633</b>
<b>Trade payables</b>					
Salaries, wages, bonus and allowances	149,655	138,008	64,747	461,834	215,462
Staff Welfare	5,729	697		7,026	2,360
Leave Encashment	10,263	220	3,839	26,675	17,500
	<b>165,647</b>	<b>138,926</b>	<b>68,586</b>	<b>495,536</b>	<b>235,322</b>
<b>16. Other expenses</b>					
Commission on Sales	50,494	(2,549)	80,402	121,144	134,307
Rent	3,780	3,720	3,600	14,700	14,400
Repairs and maintenance - machinery	-	-	140	-	140
Insurance	142	128	86	527	86
Rates and taxes	16,351	15,618	7,455	48,458	24,513
Communication cost	314	506	1,205	1,758	1,205
Facility maintenance	357	287	322	1,135	1,059
Travelling and conveyance expenses	14,117	4,420	1,130	22,241	441
Professional and technical fees	210	1,025	210	3,942	2,260
Software Project fees	380,352	277,376	261,949	1,014,962	563,683
Insourcing professional fees	19,000	-	45,175	64,195	68,805
Net gain on foreign currency transactions and translations	197	(2,122)	(545)	913	(583)
Miscellaneous expenses	(741)	30,718	72	33,190	72
<b>Total</b>	<b>484,573</b>	<b>329,128</b>	<b>401,201</b>	<b>1,327,164</b>	<b>810,389</b>



## SONATA SOFTWARE NORTH AMERICA INC.

## Balance Sheet as at Marhc 31, 2024

		USD	
	Note No.	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	3	367,318	405,356
Goodwill		11,963,410	11,963,410
		<b>12,330,728</b>	<b>12,368,767</b>
Financial assets			
Investments	4	182,192,721	182,190,253
Other financial assets	4.1	53,535	51,974
Deferred tax assets (net)	5	1,059,120	1,363,168
<b>Total non-current assets</b>		<b>183,305,376</b>	<b>183,605,395</b>
<b>CURRENT ASSETS</b>			
Financial assets			
Investments		10,052,473	-
Trade receivables	6	16,491,585	13,364,132
Cash and cash equivalents	6.1	42,360,963	9,115,517
Loans	6.2	775,054	775,054
Other financial assets	6.3	28,523,024	8,726,734
Other current assets	6.4	1,702,942	533,636
<b>Total current assets</b>		<b>99,906,041</b>	<b>32,515,073</b>
<b>Total assets</b>		<b>295,542,145</b>	<b>228,489,234</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	7	300,000	300,000
Other equity	8	38,549,350	34,791,090
<b>Total Equity</b>		<b>38,849,350</b>	<b>35,091,090</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities			
Borrowings	9	51,680,000	37,125,000
Other non-current liabilities	10	393,815	45,938,134
<b>Total non-current liabilities</b>		<b>52,073,815</b>	<b>83,063,134</b>
<b>CURRENT LIABILITIES</b>			
Short-term borrowings	11	23,320,000	19,263,290
Financial liabilities			
Trade payables		57,054,491	32,041,345
Other Financial liabilities	12	120,408,767	55,862,298
Other current liabilities	13	1,143,099	748,322
Provisions	14	1,168,139	729,774
Current tax liabilities	15	1,524,484	1,689,981
<b>Total current liabilities</b>		<b>204,618,980</b>	<b>110,335,010</b>
<b>Total equity and liabilities</b>		<b>295,542,145</b>	<b>228,489,234</b>

SONATA SOFTWARE NORTH AMERICA INC.

Statement of Profit and Loss for the quarter and year ended March 31, 2024

						USD
		For the quarter ended	For the quarter ended	For the quarter ended	For the year ended	For the year ended
	Note No.	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
<b>REVENUE</b>						
Revenue from operations	16	34,813,573	34,138,048	26,520,211	130,332,514	100,334,475
Revenue from hardware/software product and licenses		2,958,392	2,493,887	1,646,658	8,829,242	5,722,290
Other income	16.1	9,231,556	7,609,093	764,710	27,676,509	3,008,585
<b>Total revenue</b>		<b>47,003,521</b>	<b>44,241,028</b>	<b>28,931,579</b>	<b>166,838,265</b>	<b>109,065,350</b>
<b>EXPENSES</b>						
Purchase of stock-in-trade (traded goods)		2,490,781	2,313,270	1,339,445	6,906,622	4,745,467
Employee benefit expenses	17	9,111,454	8,287,703	3,551,129	33,511,767	13,967,581
Finance costs	18	2,191,477	2,279,508	499,359	8,813,204	749,058
Depreciation and amortization expense	3	28,210	28,791	20,029	114,459	67,281
Other expenses	19	23,230,835	23,709,450	19,783,403	91,401,134	73,107,510
<b>Total expenses</b>		<b>37,052,757</b>	<b>36,618,722</b>	<b>25,193,365</b>	<b>140,747,185</b>	<b>92,636,896</b>
<b>Profit before exceptional item and tax</b>		<b>9,950,764</b>	<b>7,622,306</b>	<b>3,738,214</b>	<b>26,091,080</b>	<b>16,428,453</b>
<b>Exceptional item</b>						
Fair value of contingent consideration		-	20,989,789	-	20,989,789	-
<b>Profit after Exceptional item</b>		<b>9,950,764</b>	<b>(13,367,483)</b>	<b>3,738,214</b>	<b>5,101,291</b>	<b>16,428,453</b>
<b>Tax expense</b>						
Current tax expense		1,032,288	258,330	285,465	1,058,811	4,100,022
Excess provision for tax relating to prior years		461,492	(36,446)	284,973	304,048	287,895
<b>Deferred tax</b>		<b>1,493,780</b>	<b>221,884</b>	<b>570,438</b>	<b>1,362,859</b>	<b>4,387,917</b>
<b>Profit after tax</b>		<b>8,456,984</b>	<b>(13,589,367)</b>	<b>3,167,775</b>	<b>3,738,431</b>	<b>12,040,535</b>

SONATA SOFTWARE NORTH AMERICA INC.  
Cash Flow Statement for the year ended March 31, 2024

	USD	
	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net profit before tax	26,091,080	16,428,453
Adjustments for :		
Depreciation and amortization expense	114,459	67,281
Short term loan written back	(1,388,290)	-
Excess of carrying costs over fair value of current investments	(271,077)	(6,227)
Interest expense	8,813,204	749,058
Allowance for bad & doubtful trade receivables	(275,176)	279,359
Provision no longer required (net)	(1,904,891)	-
Interest income	(300,541)	(98,358)
Dividend income	(25,200,000)	(2,904,000)
Write off of ICD given to SSFZ	-	1,162,172
Unrealized foreign exchange (gain) / loss	(22,602)	263,439
<b>Operating Profit before working capital changes</b>	<b>5,656,165</b>	<b>15,941,177</b>
Adjustments for :		
Decrease/(increase) in trade receivables	(904,595)	(2,522,678)
Decrease/(increase) in other current assets	(1,169,306)	(383,358)
Decrease/(increase) in other financial assets	(16,296,290)	(5,173,687)
Decrease/(increase) in other non-current financial assets	(1,561)	(7,344)
(Decrease)/increase in trade payables	25,013,146	15,158,579
(Decrease)/increase in other current liabilities	508,310	517,125
(Decrease)/increase in other financial liabilities	1,281,283	(77,612)
(Decrease)/increase in non-current liabilities	280,644	(2,601,344)
(Decrease)/increase in short-term provisions	438,365	(9,933)
<b>Cash generated from operations</b>	<b>14,806,161</b>	<b>20,840,924</b>
Direct taxes/advance tax paid (net)	(1,224,311)	(3,917,850)
<b>Net cash from operating activities</b>	<b>13,581,849</b>	<b>16,923,074</b>
<b>Net cash from operating activities after exceptional items</b>	<b>13,581,849</b>	<b>16,923,074</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including intangible assets, CWIP	(73,326)	(339,562)
Investments in subsidiary	(3,800,813)	-
Investments in Mutual Funds	272,732	-
Interest received	300,541	98,358
Investments - Quant Systems Inc.	(4,236,372)	(65,000,000)
Issue of ICD Sopris	-	(775,000)
Repayment of ICD	-	377,829
Dividend received	21,700,000	2,904,000
Investments in funds	(10,052,473)	-
<b>Net cash flow from investing activities</b>	<b>4,110,289</b>	<b>(62,734,375)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings From Bank	75,000,000	55,000,000
Repayment of long-term borrowings from Bank	(55,000,000)	(3,000,000)
Interest paid	(4,447,141)	(749,058)
<b>Net cash from financing activities</b>	<b>15,552,859</b>	<b>51,250,942</b>
Net increase/(decrease) in cash and cash equivalents	33,244,997	5,439,644
Opening cash and cash equivalents	9,115,516	3,675,872
Exchange difference on translation of foreign currency cash and cash equivalents	450	-
<b>Closing cash and cash equivalents</b>	<b>42,360,963</b>	<b>9,115,516</b>
Cash and cash equivalents at the end of the year Comprises :		
Balances with banks		
In Current accounts	1,628,348	9,095,516
In Deposit accounts	40,732,615	20,000
<b>Total</b>	<b>42,360,963</b>	<b>9,115,516</b>

**3 : Property, Plant and Equipment**

USD

Particulars	Tangible Assets				
	Office Equipments	Leasehold Improvements	Furniture and Fixtures	Plant and Equipments	Total Tangible Assets
<b>As at April 1, 2023</b>	<b>56,958</b>	<b>74,983</b>	<b>106,694</b>	<b>912,869</b>	<b>1,151,497</b>
Additions				55,154	55,154
Disposals/Write off					-
<b>As at June 30, 2023</b>	<b>56,958</b>	<b>74,983</b>	<b>106,694</b>	<b>968,024</b>	<b>1,206,652</b>
<b>As at April 1, 2023</b>	<b>56,958</b>	<b>74,983</b>	<b>106,694</b>	<b>912,869</b>	<b>1,151,497</b>
Additions				55,148	55,148
Disposals/Write off				(279)	(279)
<b>As at Sept 30, 2023</b>	<b>56,958</b>	<b>74,983</b>	<b>106,694</b>	<b>967,739</b>	<b>1,206,367</b>
<b>As at April 1, 2023</b>	<b>56,958</b>	<b>74,983</b>	<b>106,694</b>	<b>912,869</b>	<b>1,151,497</b>
Additions				58,567	58,567
Disposals/Write off				(279)	(279)
<b>As at Dec 31, 2023</b>	<b>56,958</b>	<b>74,983</b>	<b>106,694</b>	<b>971,157</b>	<b>1,209,785</b>
<b>As at April 1, 2023</b>	<b>56,958</b>	<b>74,983</b>	<b>106,694</b>	<b>912,869</b>	<b>1,151,497</b>
Additions	3,366			73,326	76,692
Disposals/Write off				(279)	(279)
<b>As at Mar 31, 2024</b>	<b>60,324</b>	<b>74,983</b>	<b>106,694</b>	<b>985,916</b>	<b>1,227,911</b>
<b>Depreciation/ Amortization</b>					
<b>As at April 1, 2023</b>	<b>53,790</b>	<b>48,738</b>	<b>104,228</b>	<b>539,385</b>	<b>746,141</b>
Charge for the year	553	3,736	128	24,251	28,668
Disposals/Write off	-	-	-	-	-
<b>As at June 30, 2023</b>	<b>54,342</b>	<b>52,475</b>	<b>104,356</b>	<b>563,636</b>	<b>774,809</b>
<b>As at April 1, 2023</b>	<b>53,790</b>	<b>48,738</b>	<b>104,228</b>	<b>539,385</b>	<b>746,141</b>
Charge for the year	1,099	7,514	215	48,630	57,458
Disposals/Write off	-	-	-	-	-
<b>As at Sept 30, 2023</b>	<b>54,889</b>	<b>56,252</b>	<b>104,443</b>	<b>588,015</b>	<b>803,599</b>
<b>As at April 1, 2023</b>	<b>53,790</b>	<b>48,738</b>	<b>104,228</b>	<b>539,385</b>	<b>746,141</b>
Charge for the year	1,645	11,292	303	73,009	86,249
Disposals/Write off	-	-	-	-	-
<b>As at Dec 31, 2023</b>	<b>55,435</b>	<b>60,030</b>	<b>104,531</b>	<b>612,394</b>	<b>832,390</b>
<b>As at April 1, 2023</b>	<b>53,790</b>	<b>48,738</b>	<b>104,228</b>	<b>539,385</b>	<b>746,141</b>
Charge for the year	2,140	14,987	388	96,944	114,459
Disposals/Write off	-	-	-	-	-
<b>As at Mar 31, 2024</b>	<b>55,930</b>	<b>63,725</b>	<b>104,616</b>	<b>636,329</b>	<b>860,600</b>
<b>Net Block</b>					
<b>As at Mar 31, 2023</b>	<b>3,168</b>	<b>26,245</b>	<b>2,466</b>	<b>373,477</b>	<b>405,356</b>
<b>As at June 30, 2023</b>	<b>2,615</b>	<b>22,509</b>	<b>2,338</b>	<b>404,387</b>	<b>431,850</b>
<b>As at Sept 30, 2023</b>	<b>2,069</b>	<b>18,731</b>	<b>2,251</b>	<b>379,724</b>	<b>402,775</b>
<b>As at Dec 31, 2023</b>	<b>1,522</b>	<b>14,954</b>	<b>2,164</b>	<b>358,763</b>	<b>377,403</b>
<b>As at Mar 31, 2024</b>	<b>4,394</b>	<b>11,258</b>	<b>2,078</b>	<b>349,587</b>	<b>367,318</b>

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

	USD	
	As at March 31, 2024	As at March 31, 2023
<b>4 : Investments</b>		
<b>Trade, Long-term, unquoted and at cost</b>		
<b>In subsidiary companies</b>		
<b>Investment in equity instruments</b>		
138 shares of US \$ 0.01 per share of Principal Financial Group Inc.,		
(As at Sept 30, 2023 138 shares of US \$ 0.01 per share of Principal Financial Group Inc.,)	11,911	10,256
Investments-Retail 10X Inc. (Instrument (SAFE) containing future right to shares of Capital Stock)	850,000	850,000
Investment - Sopris Systems (As at Sept 30, 2023 100 shares )	6,742,897	6,742,897
Investment - SemiCab Inc. (As at Sept 30, 2023 165,019 shares )	350,000	350,000
Investment - Treeni Sustainability Solutions Inc. (As at Sept 30, 2023 2,993,941 shares )	300,000	300,000
Investments - Encore Software Services, Inc. (As at Sept 30, 2023 3,000 shares )	14,937,100	14,937,100
Investments - Quant Systems Inc. (As at Sept 30, 2023 9,800 shares )	159,000,000	159,000,000
Investments - Sonata Software Latin America	57	-
Investments - Sonata Software Canada Limited (As at Sept 30, 2023 1000 shares )	756	-
<b>Total</b>	<b>182,192,721</b>	<b>182,190,253</b>
<b>4.1 : Other financial assets</b>		
Unsecured, considered good		
Security deposits	53,535	51,974
<b>Total</b>	<b>53,535</b>	<b>51,974</b>
<b>5 : Deferred tax assets (net)</b>		
Deferred tax assets (net)	1,059,120	1,363,168
<b>Total</b>	<b>1,059,120</b>	<b>1,363,168</b>
<b>6 : Trade receivables</b>		
Unsecured		
Considered good	16,491,585	13,364,132
Considered doubtful	1,024,731	461,271
	17,516,316	13,825,402
Less : Provision for doubtful trade receivables	1,024,731	461,271
<b>Total</b>	<b>16,491,585</b>	<b>13,364,132</b>

**6.1 : Cash and cash equivalents**

Balances with banks		
In Current accounts	1,628,348	9,095,517
In Deposit accounts	40,732,615	20,000
<b>Total</b>	<b>42,360,963</b>	<b>9,115,517</b>

**6.2 : Loans**

Unsecured, considered good		
Inter-corporate deposits	775,054	775,054
<b>Total</b>	<b>775,054</b>	<b>775,054</b>

**6.3 : Other financial assets**

Interest Accrued on Term Deposits	183,527	-
Loans and advances to related parties - Advances recoverable	2,106,843	1,119,093
Loans and advances to employees	36,760	35,574
Unbilled revenue	20,107,650	7,402,787
Compensation right on ECL	838,636	-
Interest accrued on Inter-corporate deposits	89,835	35,436
Proposed dividend from Inter company	3,500,000	-
Insurance recoverables	1,659,773	133,844
<b>Total</b>	<b>28,523,024</b>	<b>8,726,734</b>

**6.4 : Other current assets**

Prepaid expenses	1,412,116	56,965
GST/HST input	4,287	1,692
Other recoverables	286,539	474,979
<b>Total</b>	<b>1,702,942</b>	<b>533,636</b>

**7 : Equity Share capital**

<b>Authorized</b>		
Common Stock \$1 par value, 3,500,000 shares	3,500,000	3,500,000
(March 31, 2022 Common Stock \$1 par value, 3,500,000 shares)		

**Issued, Subscribed and paid-up**

\$1 par value 300,000 shares each fully paid-up	300,000	300,000
(March 31, 2024 \$1 par value 300,000 shares each fully paid-up)		
<b>Total</b>	<b>300,000</b>	<b>300,000</b>

**8 : Other equity****Securities premium****Surplus in Statement of Profit and Loss**

Opening balance	34,791,091	23,975,647
Add : IBIS Acquisition	-	(1,368,415)
Profit for the year	3,738,431	12,040,535
Revaluation of CSSN investments	20,189	149,563
Remeasurement of defined benefit plan	(361)	-
Revaluation of investment	-	(6,240)
<b>Total</b>	<b>38,549,350</b>	<b>34,791,090</b>

**9 : Borrowings**

Term loan		
From banks	51,680,000	37,125,000
<b>Total</b>	<b>51,680,000</b>	<b>37,125,000</b>

**10 : Other non-current liabilities**

Rent equalization	40,184	57,764
Purchase consideration payable - Encore	-	3,734,795
Purchase consideration payable - Quant	-	42,090,529
Other financial liabilities-Long term incentive payable	353,631	55,046
<b>Total</b>	<b>393,815</b>	<b>45,938,134</b>

**11 : Short-term borrowings**

From banks - UnSecured	-	1,388,290
(Paycheck protection program loan received from Small Business administration, US Treasury)		
Current portion of secured bank loans	23,320,000	17,875,000
<b>Total</b>	<b>23,320,000</b>	<b>19,263,290</b>

**12 : Other Financial liabilities**

Interest accrued on Inter-corporate borrowings	2,026	2,026
Purchase consideration payable - Encore	7,185,937	3,217,337
Purchase consideration payable - Quant	111,459,037	52,162,451
Income received in advance (Unearned revenue)	466,574	50,670
Reimbursable Expenses payable to related party	1,036,119	334,217
Statutory remittances	232,584	80,865
Others	26,490	14,732
<b>Total</b>	<b>120,408,767</b>	<b>55,862,298</b>

**13 : Other current liabilities**

Interest accrued and due on borrowings	58,260	171,793
Advances from customers	1,084,839	576,529
<b>Total</b>	<b>1,143,099</b>	<b>748,322</b>

**14 : Provisions**

Provision for employee benefits		
Provision for compensated absences	1,168,139	729,774
<b>Total</b>	<b>1,168,139</b>	<b>729,774</b>

**15 : Current tax liabilities**

Provision for tax	1,524,484	1,689,981
<b>Total</b>	<b>1,524,484</b>	<b>1,689,981</b>

	USD				
	For the quarter ended	For the quarter ended	For the quarter ended	For the year ended	For the year ended
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
<b>16 : Revenue from operations</b>					
Revenue from software services	34,704,656	34,070,714	26,486,996	130,112,684	100,238,541
Other operating revenues	108,917	67,334	33,215	219,830	95,934
<b>Total</b>	<b>34,813,573</b>	<b>34,138,048</b>	<b>26,520,211</b>	<b>130,332,514</b>	<b>100,334,475</b>
<b>16.1 : Other income</b>					
Interest income	197,702	13,907	20,658	300,541	98,358
Dividend income	7,500,000	7,500,000	750,000	25,200,000	2,904,000
Net gain on excess of fair value over carrying costs of current investm	145,564	95,186	(5,948)	271,077	6,227
Provision no longer required written back	1,388,290	-	-	1,904,891	-
<b>Total</b>	<b>9,231,556</b>	<b>7,609,093</b>	<b>764,710</b>	<b>27,676,509</b>	<b>3,008,585</b>
<b>17 : Employee benefit expenses</b>					
Salaries, wages, bonus and allowances	8,387,438	7,649,914	3,292,912	31,072,104	12,986,575
Contribution to 401K fund	200,683	158,336	73,576	614,461	249,714
Staff welfare expenses	523,333	479,453	184,641	1,825,202	731,292
<b>Total</b>	<b>9,111,454</b>	<b>8,287,703</b>	<b>3,551,129</b>	<b>33,511,767</b>	<b>13,967,581</b>
<b>18: Finance costs</b>					
Interest expense					
Borrowings	943,532	950,321	172,045	3,523,188	176,287
Unwinding contingent consideration	1,217,016	1,329,187	305,046	5,257,812	487,924
Other borrowing costs	30,929	-	22,268	32,204	84,847
<b>Total</b>	<b>2,191,477</b>	<b>2,279,508</b>	<b>499,359</b>	<b>8,813,204</b>	<b>749,058</b>
<b>19 : Other expenses</b>					
Power and fuel	3,896	3,288	3,228	14,837	8,585
Rent	103,435	99,046	95,504	382,726	271,184
Repairs and maintenance - Machinery	3,509	1,521	9,478	11,462	20,977
Insurance	32,383	36,641	7,531	138,168	34,323
Rates and taxes	273,048	262,009	185,206	923,550	788,793
Communication cost	43,778	44,417	51,191	164,464	183,739
Facility maintenance	22,971	19,559	21,814	83,671	55,588
Travelling and conveyance expenses	256,611	210,235	115,259	719,318	350,664
Sales commission	882,925	271,750	(690,492)	1,621,688	(1,347,126)
Software Project fees	17,074,442	18,282,289	13,464,366	68,947,759	54,667,490
Professional and technical fees	250,600	75,392	84,479	512,925	291,325
Legal fees	182,313	-	346,622	273,944	350,273
Insourcing professional fees	3,526,877	3,819,959	4,025,018	15,450,078	14,091,448
Net loss on foreign currency transaction and translation	1,899	37,559	34,073	72,086	167,446
Bad debts	11,340	294,913	-	306,253	-
Software license fees	17,400	4,809	8,859	81,021	37,593
Provision for doubtful trade receivables	27,193	(307,247)	20,280	(275,176)	279,359
Recruitment	144,670	203,435	202,328	648,869	353,644
Advances to Subsidiaries written off	-	28,967	1,162,172	28,967	1,162,172
Miscellaneous expenses	371,545	320,908	636,487	1,294,524	1,340,033
<b>Total</b>	<b>23,230,835</b>	<b>23,709,450</b>	<b>19,783,403</b>	<b>91,401,134</b>	<b>73,107,510</b>



**Sonata Software LLC.**  
**Balance Sheet as at Mar 31, 2024**

		USD	
		As At	As At
	Note No.	March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	3	1,676	3,493
<b>Total non-current assets</b>		<b>1,676</b>	<b>3,493</b>
<b>CURRENT ASSETS</b>			
Financial assets			
Trade receivables	5	2,554	148,557
Cash and cash equivalents	6	3,058	142,217
Other current assets	7	5,279	8,811
<b>Total current assets</b>		<b>10,892</b>	<b>299,585</b>
<b>TOTAL</b>		<b>12,568</b>	<b>303,079</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital		2	2
Other equity	8	(1,438,808)	(1,438,305)
<b>Total Equity</b>		<b>(1,438,806)</b>	<b>(1,438,303)</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax assets (net)		26,360	
<b>Total non-current liabilities</b>		<b>26,360</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities			
Borrowings	9	775,000	775,000
Trade payables		97,499	463,421
Other financial liabilities	10	344,740	259,961
Current tax liabilities	12	207,774	243,000
<b>Total current liabilities</b>		<b>1,425,013</b>	<b>1,741,382</b>
<b>TOTAL</b>		<b>12,567</b>	<b>303,079</b>

Sonata Software LLC .

Statement of Profit and Loss for the quarter and year ended Mar 31, 2024

		For the quarter ended	For the quarter ended	For the quarter ended	For the year ended	For the year ended
	Note No.	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
<b>REVENUE</b>						
Revenue from operations	13	-	-	-	-	617,633
Other income	13.1	70,953	-	-	71,103	-
<b>Total revenue</b>		<b>70,953</b>	<b>-</b>	<b>-</b>	<b>71,103</b>	<b>617,633</b>
<b>EXPENSES</b>						
Purchase of stock-in-trade (traded goods)		-	-	-	-	19,459
Employee benefit expenses	14	-	-	523	538	497,328
Finance costs	15	13,413	13,582	12,405	54,399	35,436
Depreciation and amortization expense		448	458	448	1,818	1,818
Other expenses	16	(12,047)	119,486	2,199	25,594	688,552
<b>Total expenses</b>		<b>1,814</b>	<b>133,526</b>	<b>15,575</b>	<b>82,348</b>	<b>1,242,593</b>
<b>Profit before tax</b>		<b>69,139</b>	<b>(133,526)</b>	<b>(15,575)</b>	<b>(11,245)</b>	<b>(624,959)</b>
<b>Tax expense</b>						
Current tax expense		(48,270)	(8,838)	-	(37,102)	-
Deferred tax		-	1,254	-	26,360	-
<b>Net tax expense</b>		<b>(48,270)</b>	<b>(7,584)</b>	<b>-</b>	<b>(10,742)</b>	<b>-</b>
<b>Profit after tax</b>		<b>117,409</b>	<b>(125,942)</b>	<b>(15,575)</b>	<b>(503)</b>	<b>(624,959)</b>

**Sonata Software LLC .**  
**Cash Flow Statement for the year ended Mar 31, 2024**

	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit/(loss) before tax</b>	<b>(11,245)</b>	<b>(624,959)</b>
Adjustments for :		
Depreciation and amortization expense	1,818	1,818
Interest expense	54,399	35,436
Allowance for bad & doubtful trade receivables	(96,198)	(17,100)
<b>Operating Profit before working capital changes</b>	<b>(51,226)</b>	<b>(604,805)</b>
Adjustments for :		
Decrease/(increase) in trade receivables	242,201	(41,728)
Decrease/(increase) in non current assets	-	5,000
Decrease/(increase) in other current assets	3,532	(7,338)
(Decrease)/increase in trade payables	(365,922)	84,042
(Decrease)/increase in Provisions	1,876	(27,533)
(Decrease)/increase in other current liabilities	84,779	(55,356)
<b>Cash generated from operations</b>	<b>(84,760)</b>	<b>(647,717)</b>
Direct taxes/advance tax paid (net)	-	-
<b>Net cash from operating activities</b>	<b>(84,760)</b>	<b>(647,717)</b>
<b>Net cash from operating activities after exceptional items</b>	<b>(84,760)</b>	<b>(647,717)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Inter corporate loan from holding company		775,000
Interest paid	(54,399)	(35,436)
<b>Net cash from financing activities</b>	<b>(54,399)</b>	<b>739,564</b>
Net increase/(decrease) in cash and cash equivalents	(139,159)	91,847
Opening cash and cash equivalents	142,217	50,371
<b>Closing cash and cash equivalents</b>	<b>3,059</b>	<b>142,217</b>
Cash and cash equivalents at the end of the year Comprises :		
Balances with banks		
In Current accounts	3,058	142,217
In Deposit accounts		
	<b>3,058</b>	<b>142,217</b>

Sonata Software LLC .

Notes forming part of financial statements

3 : Property, Plant and Equipment

USD

Tangible Assets	
Particulars	Plant and Equipments
<b>As at April 1, 2023</b>	<b>9,100</b>
Additions	-
Disposals/Write off	-
<b>As at June 30th, 2023</b>	<b>9,100</b>

<b>As at April 1, 2023</b>	<b>9,100</b>
Additions	-
Disposals/Write off	-
<b>As at Sept 30th, 2023</b>	<b>9,100</b>

<b>As at April 1, 2023</b>	<b>9,100</b>
Additions	-
Disposals/Write off	-
<b>As at Dec 31st, 2023</b>	<b>9,100</b>

<b>As at April 1, 2023</b>	<b>9,100</b>
Additions	-
Disposals/Write off	-
<b>As at Mar 31st, 2024</b>	<b>9,100</b>

**Depreciation/ Amortization**

<b>As at April 1, 2023</b>	<b>9,397</b>
Charge for the Year	6,060
<b>As at June 30th, 2023</b>	<b>15,457</b>

<b>As at April 1, 2023</b>	<b>15,457</b>
Charge for the Year	6,518
<b>As at Sept 30th, 2023</b>	<b>21,975</b>

<b>As at April 1, 2023</b>	<b>21,975</b>
Charge for the Year	6,977
<b>As at Dec 31st, 2023</b>	<b>28,952</b>

<b>As at April 1, 2023</b>	<b>28,952</b>
Charge for the Year	7,425
<b>As at Mar 31st, 2024</b>	<b>36,377</b>

<b>Net Block:</b>	
As at Mar 31st, 2023	3,493
As at June 30th, 2023	3,040
As at Sept 30th, 2023	2,582

**Sonata Software LLC .**  
**Notes forming part of financial statements**

	USD	
	As At March 31, 2024	As At March 31, 2023
<b>5 : Trade receivables</b>		
Unsecured		
Considered good	2,554	148,557
Considered doubtful	189,200	285,398
	191,754	433,955
Less : Provision for doubtful trade receivables	189,200	285,398
Less : Allowances for credit losses	-	-
<b>Total</b>	<b>2,554</b>	<b>148,557</b>
<b>6 : Cash and cash equivalents</b>		
Balances with banks		
In Current accounts	3,058	142,217
<b>Total</b>	<b>3,058</b>	<b>142,217</b>
<b>7 : Other current assets</b>		
Loans and advances to employees	4,356	-
Other recoverables	923	8,811
<b>Total</b>	<b>5,279</b>	<b>8,811</b>
<b>8 : Other equity</b>		
<b>Securities premium</b>		
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	(1,438,305)	(813,346)
Profit/(loss) for the year	(503)	(624,959)
<b>Closing balance</b>	<b>(1,438,808)</b>	<b>(1,438,305)</b>
<b>Total</b>	<b>(1,438,808)</b>	<b>(1,438,305)</b>
<b>9 : Borrowings</b>		
<b>Loans and advances from related parties</b>		
Inter-corporate borrowings from holding Company - Unsecured	775,000	775,000
<b>Total</b>	<b>775,000</b>	<b>775,000</b>
<b>: Trade payables</b>		
Trade payables - other than acceptances	97,499	463,421
<b>Total</b>	<b>97,499</b>	<b>463,421</b>
<b>10 : Other financial liabilities</b>		
Interest accrued on Inter-corporate deposits	89,835	35,436
Reimbursable Expenses payable to related party	254,905	156,392
Advances from customers	-	70,953
Others	-	(2,821)
<b>Total</b>	<b>344,740</b>	<b>259,961</b>
<b>12 : Current tax liabilities</b>		
Provision for tax	207,774	243,000
<b>Total</b>	<b>207,774</b>	<b>243,000</b>

**Sonata Software LLC .**  
**Notes forming part of financial statements**

	USD				
	For the quarter ended	For the quarter ended	For the quarter ended	For the year ended	For the year ended
	March 31, 2024	December 31, 2023	March 31, 2023	March 31, 2024	March 31, 2023
<b>13 : Revenue from operations</b>					
Revenue from software services	-	-	-	-	568,116
Revenue from hardware/software product and licenses	-	-	-	-	49,517
<b>Total</b>	-	-	-	-	<b>617,633</b>
<b>13.1 : Other income</b>					
Provision no longer required written back	70,953	-	-	71,103	-
<b>Total</b>	<b>70,953</b>	-	-	<b>71,103</b>	-
<b>14 : Employee benefit expenses</b>					
Salaries, wages, bonus and allowances	-	-	574	-	452,293
Contribution to 401K fund	-	-	(51)	-	15,514
Staff welfare expenses	-	-	-	538	29,522
<b>Total</b>	-	-	<b>523</b>	<b>538</b>	<b>497,328</b>
<b>15 : Finance costs</b>					
Interest on borrowings	13,413	13,582	12,405	54,399	35,436
<b>Total</b>	<b>13,413</b>	<b>13,582</b>	<b>12,405</b>	<b>54,399</b>	<b>35,436</b>
<b>16 : Other expenses</b>					
Repairs and maintenance - Machinery	-	-	-	-	28
Rates and taxes	-	-	-	14,095	3,375
Communication cost	(223)	-	1,585	1,590	12,697
Travelling and conveyance expenses	-	-	-	-	16,003
Software Project fees	-	-	-	-	291,178
Professional and technical fees	-	-	-	7,054	6,819
Legal fees	-	-	-	-	450
Insourcing professional fees	-	-	-	-	354,010
Net loss on foreign currency transaction and translation	73	(306)	(147)	116	(341)
Provision for doubtful trade receivables	(12,600)	22,852	-	(96,198)	(17,100)
Miscellaneous expenses	703	742	761	2,739	21,434
<b>Total</b>	<b>(12,047)</b>	<b>119,486</b>	<b>2,199</b>	<b>25,594</b>	<b>688,552</b>

# ENCORE SOFTWARE SERVICES, INC

## Balance Sheet

		USD	
		As at	As at
	Note No.	March 31, 2024	March 31, 2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	3	30	28
Income Tax assets		444,051	17,698
<b>Total non-current assets</b>		<b>444,167</b>	<b>17,725</b>
<b>CURRENT ASSETS</b>			
Financial assets			
Trade receivables	4	3,361,636	3,513,371
Cash and cash equivalents	5	1,527,529	1,249,977
Other current assets	6	18,519	33,633
<b>Total current assets</b>		<b>4,907,684</b>	<b>4,796,981</b>
<b>Total assets</b>		<b>5,351,851</b>	<b>4,814,707</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	7	48,000	48,000
Other equity	8	2,596,200	2,819,313
<b>Total Equity</b>		<b>2,644,200</b>	<b>2,867,313</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred tax liabilities (net)	9	130,378	-
<b>CURRENT LIABILITIES</b>			
Financial liabilities			
Trade payables	10	1,504,785	784,495
Other financial liabilities	11	36,689	-
Other current liabilities	13	914	-
Provisions	12	691,481	1,162,899
Current tax liabilities (net)	14	343,404	-
<b>Total current liabilities</b>		<b>2,577,273</b>	<b>1,947,394</b>
<b>Total equity and liabilities</b>		<b>5,351,851</b>	<b>4,814,707</b>

ENCORE SOFTWARE SERVICES, INC  
Statement of profit and Loss

		USD				
		For the quarter ended March 31, 2024	For the quarter ended December 31, 2023	For the quarter ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
	Note No.					
Revenue from operations	15.1	6,498,283	6,467,133	5,707,098	24,948,643	20,407,365
Other income	15.2	8,783	1,341	-	11,133	-
<b>Total revenue</b>		<b>6,507,065</b>	<b>6,468,474</b>	<b>5,707,098</b>	<b>24,959,776</b>	<b>20,407,365</b>
<b>EXPENSES</b>						
Employee benefit expenses	16	621,972	588,571	772,936	2,716,540	2,815,016
Depreciation and amortization expense		682	601	885	1,283	9,520
Other expenses	17	5,066,327	4,436,234	3,511,781	17,581,852	12,825,478
		<b>5,688,981</b>	<b>5,025,406</b>	<b>4,285,602</b>	<b>20,299,676</b>	<b>15,650,014</b>
<b>Profit before tax</b>		<b>818,084</b>	<b>1,443,068</b>	<b>1,421,496</b>	<b>4,660,100</b>	<b>4,757,351</b>
Current tax expense		(270,741)	467,870	92,438	1,052,836	994,018
Excess provision for tax relating to prior years						
Deferred tax		196,783	-	-	130,378	-
<b>Net tax expense</b>		<b>(73,958)</b>	<b>467,870</b>	<b>92,438</b>	<b>1,183,214</b>	<b>994,018</b>
<b>Profit for the year</b>		<b>892,042</b>	<b>975,198</b>	<b>1,329,058</b>	<b>3,476,886</b>	<b>3,763,333</b>



**ENCORE SOFTWARE SERVICES, INC****Cash Flow Statement**

	USD	
	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit before tax</b>	<b>4,660,100</b>	<b>4,757,351</b>
Depreciation and amortization expense	1,283	9,520
<b>Operating Profit before working capital changes</b>	<b>4,661,384</b>	<b>4,766,871</b>
Adjustments for :		
Decrease/(increase) in trade receivables	151,736	(1,185,106)
Decrease/(increase) in other current assets	15,114	14,501
Decrease/(increase) in non-current other financial assets	-	27,478
(Decrease)/increase in trade payables	720,290	65,609
(Decrease)/increase in other financial liabilities	36,689	-
(Decrease)/increase in other current liabilities	914	-
(Decrease)/increase in short-term provisions	(471,504)	(364,210)
<b>Cash generated from operations</b>	<b>5,114,623</b>	<b>3,325,143</b>
Direct taxes/advance tax paid (net)	(1,135,785)	(893,327)
<b>Net cash from operating activities</b>	<b>3,978,837</b>	<b>2,431,816</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including intangible assets, CWIP	(1,285)	(9,549)
<b>Net cash flow from investing activities</b>	<b>(1,285)</b>	<b>(9,549)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(3,700,000)	(2,904,000)
<b>Net cash from financing activities</b>	<b>(3,700,000)</b>	<b>(2,904,000)</b>
Net increase/(decrease) in cash and cash equivalents	277,552	(481,733)
Opening cash and cash equivalents	1,249,977	1,731,710
<b>Closing cash and cash equivalents</b>	<b>1,527,529</b>	<b>1,249,977</b>
Cash and cash equivalents at the end of the year Comprises :		
Balances with banks		
In Current accounts	1,527,529	1,249,977
<b>Total</b>	<b>1,527,529</b>	<b>1,249,977</b>

ENCORE SOFTWARE SERVICES, INC  
Notes forming part of the financial statements

3 : Property, Plant and Equipment

USD

Tangible Assets			
Particulars	Furniture and Fixtures	Plant and Equipments	Total Tangible Assets
<b>Cost</b>			
As at Apr 1, 2023	750	23,478	24,228
Additions	-	1,285	1,285
Disposals/Write off	-	-	-
<b>As at March 31, 2024</b>	<b>750</b>	<b>24,764</b>	<b>25,514</b>
<b>Accumulated Depreciation</b>			
As at Apr 1, 2023	749	23,451	24,200
Charge for the year	-	1,283	1,283
Disposals/Write off	-	-	-
<b>As at March 31, 2024</b>	<b>749</b>	<b>24,735</b>	<b>25,484</b>
<b>Net Block</b>			
As at March 31, 2024	1	29	30
As at Apr 1, 2023	1	27	28

**ENCORE SOFTWARE SERVICES, INC**  
**Notes to the financial statements**

USD

	As at March 31, 2024	As at March 31, 2023
<b>4 : Trade receivables</b>		
Unsecured		
Billed		
Considered good	3,263,539	3,201,283
Considered doubtful	-	-
	<u>3,263,539</u>	<u>3,201,144</u>
Unbilled	98,097	312,227
<b>Total</b>	<u><b>3,361,636</b></u>	<u><b>3,513,371</b></u>
<b>5 : Cash and cash equivalents</b>		
Balances with banks		
In Current accounts	1,527,529	1,249,977
<b>Total</b>	<u><b>1,527,529</b></u>	<u><b>1,249,977</b></u>
<b>6 : Other current assets</b>		
Prepaid expenses	18,619	33,633
Loans and advances to employees	(100)	-
<b>Total</b>	<u><b>18,519</b></u>	<u><b>33,633</b></u>
<b>7 : Equity Share capital</b>		
<b>Issued, Subscribed and paid-up</b>		
\$16 par value 3000 shares each fully paid-up	48,000	48,000
(31st March, 2023 \$16 par value 3000 shares each fully paid-up)		
<b>Total</b>	<u><b>48,000</b></u>	<u><b>48,000</b></u>
<b>8 : Other equity</b>		
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	2,819,314	1,959,980
Profit for the year	3,476,886	3,763,333
Dividend Paid	(3,700,000)	(2,904,000)
<b>Total</b>	<u><b>2,596,200</b></u>	<u><b>2,819,313</b></u>
<b>9 : Deferred tax liabilities (net)</b>		
Deferred tax assets (net)	130,378	-
<b>Total</b>	<u><b>130,378</b></u>	<u><b>-</b></u>
<b>10 : Trade payables</b>		
Trade payables	1,504,785	784,495
<b>Total</b>	<u><b>1,504,785</b></u>	<u><b>784,495</b></u>
<b>11 : Other financial liabilities</b>		
Reimbursable Expenses payable to related party	36,689	-
<b>Total</b>	<u><b>36,689</b></u>	<u><b>-</b></u>
<b>12 : Provisions</b>		
Provision for employee benefits		
Provision for compensated absences	95,231	93,399
Provision for bonus	596,250	1,069,500
<b>Total</b>	<u><b>691,481</b></u>	<u><b>1,162,899</b></u>
<b>13 : Other current liabilities</b>		
Contract liabilities	914	-
<b>Total</b>	<u><b>914</b></u>	<u><b>-</b></u>
<b>14 : Current tax liabilities (net)</b>		
Provision for tax	343,404	-
<b>Total</b>	<u><b>343,404</b></u>	<u><b>-</b></u>

**ENCORE SOFTWARE SERVICES, INC**  
**Notes to the financial statements**

	USD				
	For the quarter ended Mar 31,2024	For the quarter ended December 31,2023	For the quarter ended March 31,2023	For the year ended Mar 31,2024	For the year ended March 31, 2023
<b>15.1 : Revenue from operations</b>					
Revenue from software services	6,487,348	6,449,408	5,705,632	24,904,565	20,332,260
Other operating revenues	10,935	17,725	1,466	44,078	75,105
<b>Total</b>	<b>6,498,283</b>	<b>6,467,133</b>	<b>5,707,098</b>	<b>24,948,643</b>	<b>20,407,365</b>
<b>15.2 : Other income</b>					
Interest received on term deposits	7,711	2,145		9,856	
Net gain on foreign currency transaction and translation	1,072	(804)	-	1,277	-
<b>Total</b>	<b>8,783</b>	<b>1,341</b>	<b>-</b>	<b>11,133</b>	<b>-</b>
<b>16 : Employee benefit expenses</b>					
Salaries, wages, bonus and allowances	606,752	569,684	750,433	2,639,015	2,736,170
Staff welfare expenses	15,220	18,887	22,503	77,525	78,846
<b>Total</b>	<b>621,972</b>	<b>588,571</b>	<b>772,936</b>	<b>2,716,540</b>	<b>2,815,016</b>
<b>17 : Other expenses</b>					
Rent	-	-	-	-	54,140
Repairs and maintenance - Buildings	-	-	-	-	1,419
Repairs and maintenance - Machinery	-	-	26	245	26
Insurance	3,502	3,502	3,502	14,008	14,008
Rates and taxes	1,675	1,404	2,431	32,328	7,805
Communication cost	3,634	2,612	3,000	12,908	15,948
Travelling and conveyance expenses	37,355	30,419	40,881	152,021	112,825
Software License Fees	31,177	28,222	-	109,730	62,462
Software Project fees	3,033,683	2,631,963	2,128,212	10,426,957	7,775,459
Professional and technical fees	507,135	447,787	387,728	1,854,301	1,625,415
Insourcing professional fees	1,409,476	1,280,920	906,072	4,900,284	3,053,589
Recruitment	21,656	4,747	-	51,130	50,859
Miscellaneous expenses	17,036	4,658	39,929	27,942	51,521
<b>Total</b>	<b>5,066,327</b>	<b>4,436,234</b>	<b>3,511,781</b>	<b>17,581,852</b>	<b>12,825,478</b>

**Sonata Latin America S. de R.L. de C.V.**  
**Balance Sheet as at 31st Mar, 2024**

		(MXN)	
	Note No.	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	3	1,887,823	-
		<b>1,887,823</b>	-
<b>CURRENT ASSETS</b>			
Inventories			
Financial assets			
Trade receivables	4	1,084,438	1,331,641
Cash and cash equivalents	4.1	2,555,045	-
Other current assets	5	953,327	197,186
<b>Total current assets</b>		<b>5,048,973</b>	<b>1,528,827</b>
<b>Total assets</b>		<b>6,936,801</b>	<b>1,528,831</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	6	1,000	-
Other equity	7	(5,958,037)	86,492
<b>Total Equity</b>		<b>(5,957,037)</b>	<b>86,492</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities			
Trade payables		1,090,670	1,423,442
Other Financial liabilities	8	9,803,681	18,897
Other current liabilities	9	1,341,761	-
<b>Total current liabilities</b>		<b>12,893,838</b>	<b>1,442,339</b>
<b>Total equity and liabilities</b>		<b>6,936,801</b>	<b>1,528,831</b>

Sonata Latin America S. de R.L. de C.V.

Statement of Profit and Loss for the quarter and year ended 31st Mar 2024

		(MXN)			
		For the quarter ended	For the quarter ended	For the quarter ended	For the quarter ended
	Note No.	March 31, 2024	December 31, 2023	March 31, 2024	March 31, 2023
<b>REVENUE</b>					
Revenue from operations	10	11,116,998	6,292,073	19,231,275	1,340,301
<b>Total revenue</b>		<b>11,116,998</b>	<b>6,292,073</b>	<b>19,231,275</b>	<b>1,340,301</b>
<b>EXPENSES</b>					
Employee benefit expenses	11	11,817,909	5,566,104	18,312,703	-
Depreciation and amortization expense	3	77,253	14,532	92,750	-
Other expenses	12	2,975,278	1,363,393	6,870,351	1,253,809
<b>Total expenses</b>		<b>14,870,440</b>	<b>6,944,029</b>	<b>25,275,804</b>	<b>1,253,809</b>
<b>Profit before tax</b>		<b>(3,753,442)</b>	<b>(651,956)</b>	<b>(6,044,529)</b>	<b>86,492</b>
<b>Tax expense</b>					
<b>Net tax expense</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit for the year</b>		<b>(3,753,442)</b>	<b>(651,956)</b>	<b>(6,044,529)</b>	<b>86,492</b>

**3 : Property, Plant and Equipment**

(MXN)

	Buildings	Office Equipments	Leasehold Improvements	Furniture and Fixtures	Plant and Equipments	
<b>As at April 1, 2023</b>						
Additions					181,047	<b>181,047</b>
Disposals/Write off	-		-	-	-	-
<b>As at Sept 30, 2023</b>	-	-	-	-	<b>181,047</b>	<b>181,047</b>
<b>As at April 1, 2023</b>						
Additions					1,165,199	<b>1,165,199</b>
Disposals/Write off	-		-	-	-	-
<b>As at Dec 31, 2023</b>	-	-	-	-	<b>1,165,199</b>	<b>1,165,199</b>
<b>As at April 1, 2023</b>						
Additions					1,980,573	<b>1,980,573</b>
Disposals/Write off	-		-	-	-	-
<b>As at Mar 31, 2024</b>	-	-	-	-	<b>1,980,573</b>	<b>1,980,573</b>
<b>Depreciation/ Amortization</b>						
<b>As at April 1, 2023</b>						-
Charge for the period	-		-		965	<b>965</b>
Disposals/Write off	-		-	-	-	-
<b>As at Sept 30, 2023</b>	-		-	-	<b>965</b>	<b>965</b>
<b>As at April 1, 2023</b>						-
Charge for the period					15,497	<b>15,497</b>
Disposals/Write off	-		-	-	-	-
<b>As at Dec 31, 2023</b>	-		-	-	<b>15,497</b>	<b>15,497</b>
<b>As at April 1, 2023</b>						-
Charge for the period					92,750	<b>92,750</b>
Disposals/Write off	-		-	-	-	-
<b>As at Mar 31, 2024</b>	-		-	-	<b>92,750</b>	<b>92,750</b>
<b>Net Block</b>						
<b>As at Mar 31, 2023</b>	-	-	-	-	-	-
<b>As at Sept 30, 2023</b>	-	-	-	-	<b>180,082</b>	<b>180,082</b>
<b>As at Dec 31, 2023</b>					<b>1,149,701</b>	<b>1,149,701</b>
<b>As at Mar 31, 2024</b>					<b>1,887,823</b>	<b>1,887,823</b>

**Sonata Latin America S. de R.L. de C.V.**  
**Notes forming part of financial statements**

	(MXN)	
	As at	As at
	March 31, 2024	March 31, 2023
<b>4 : Trade receivables</b>		
Unsecured		
Considered good	1,084,438	1,331,641
Considered doubtful	-	-
	<u>1,084,438</u>	<u>1,331,641</u>
Less : Provision for doubtful trade receivables	-	-
<b>Total</b>	<b><u>1,084,438</u></b>	<b><u>1,331,641</u></b>
<b>4.1 : Cash and cash equivalents</b>		
Balances with banks		
In Current accounts	2,555,045	-
<b>Total</b>	<b><u>2,555,045</u></b>	<b><u>-</u></b>
<b>5 : Other current assets</b>		
VAT input	953,327	197,186
<b>Total</b>	<b><u>953,327</u></b>	<b><u>197,186</u></b>
<b>6 : Equity Share capital</b>		
<b>Issued, Subscribed and paid-up</b>		
\$1 par value 300,000 shares each fully paid-up	1,000	-
(March 31, 2022 \$1 par value 300,000 shares each fully paid-up)		
<b>Total</b>	<b><u>1,000</u></b>	<b><u>-</u></b>
<b>7 : Other equity</b>		
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	86,492	-
Profit for the year	(6,044,529)	86,492
<b>Total</b>	<b><u>(5,958,037)</u></b>	<b><u>86,492</u></b>
<b>8 : Other Financial liabilities</b>		
Reimbursable Expenses payable to related party	9,803,681	18,897
	<u>9,803,681</u>	<u>18,897</u>
<b>9 : Other current liabilities</b>		
Statutory remittances	1,341,761	-
<b>Total</b>	<b><u>1,341,761</u></b>	<b><u>-</u></b>



(MXN)

	For the quarter ended	For the quarter ended	For the year ended	For the year ended
	March 31, 2024	December 31, 2023	March 31, 2024	March 31, 2023
<b>10 : Revenue from operations</b>				
Revenue from software services	11,116,998	6,292,073	19,231,275	1,340,301
<b>Total</b>	<b>11,116,998</b>	<b>6,292,073</b>	<b>19,231,275</b>	<b>1,340,301</b>
<b>11 : Employee benefit expenses</b>				
Salaries, wages, bonus and allowances	9,471,803	4,704,000	14,979,539	-
Contribution to 401K fund	2,005,040	789,124	2,919,118	-
Staff welfare expenses	341,066	72,980	414,046	-
<b>Total</b>	<b>11,817,909</b>	<b>5,566,104</b>	<b>18,312,703</b>	<b>-</b>
<b>12 : Other expenses</b>				
Rates and taxes	31,206	-	33,089	-
Travelling and conveyance expenses	39,199	-	39,199	25,650
Professional and technical fees	640,877	645,373	1,962,132	16,798
Insourcing professional fees	760,908	783,380	3,255,407	1,203,291
Net loss on foreign currency transaction and translation	102,207	(119,590)	114,122	8,070
Recruitment	1,392,580	51,551	1,444,131	-
Miscellaneous expenses	8,301	2,679	22,271	-
<b>Total</b>	<b>2,975,278</b>	<b>1,363,393</b>	<b>6,870,351</b>	<b>1,253,809</b>

**Quant Systems INC**  
**Balance Sheet as at March 31, 2024**

		USD	
	Note No.	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	3	23,611	13,093
Financial assets			
Investments	4	3,288,775	3,288,775
Other financial assets	5	14,776	-
Income tax assets (net)		4,347,226	-
<b>Total non-current assets</b>		<b>7,674,388</b>	<b>3,301,868</b>
<b>CURRENT ASSETS</b>			
Financial assets			
Short term Investments	6	879,598	832,206
Trade receivables	7	19,074,024	7,798,718
Cash and cash equivalents	8	10,119,503	12,662,998
Other financial assets	9	2,110,465	88,762
Other current assets	10	33,270	-
<b>Total current assets</b>		<b>32,216,860</b>	<b>21,382,684</b>
<b>Total assets</b>		<b>39,891,247</b>	<b>24,684,551</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity Share capital	11	9,800	9,800
Other equity	12	18,958,951	15,487,070
<b>Total Equity</b>		<b>18,968,751</b>	<b>15,496,870</b>
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liability	13	798,450	855,441
<b>Total non-current liabilities</b>		<b>798,450</b>	<b>855,441</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities			
Trade payables		8,447,515	4,283,988
Other Financial liabilities	14	3,614,268	87,629
Other current liabilities	15	111,908	-
Provisions	16	14,244	30,403
Current tax liabilities	17	7,936,111	3,930,220
<b>Total current liabilities</b>		<b>20,124,046</b>	<b>8,332,240</b>
<b>Total equity and liabilities</b>		<b>39,891,247</b>	<b>24,684,551</b>

Quant Systems INC  
Statement of Profit and Loss for the period ended March 31, 2024

					USD
		For the quarter ended	For the quarter ended	For the year ended	For the period
	Note No.	March 31, 2024	December 31, 2023	March 31, 2024	March 10, 2023 to March 31, 2023
<b>REVENUE</b>					
Revenue from operations	18.1	17,230,547	19,178,110	68,372,526	2,521,963
Other income	18.2	76,669	135,278	464,931	34,171
<b>Total revenue</b>		<b>17,307,216</b>	<b>19,313,388</b>	<b>68,837,457</b>	<b>2,523,536</b>
<b>EXPENSES</b>					
Employee benefit expenses	19	475,229	1,543,250	5,538,299	762,518
Depreciation and amortization expense	3	3,385	3,641	(6,301)	627
Other expenses	20	10,526,895	8,922,049	29,914,141	872,708
<b>Total expenses</b>		<b>11,005,509</b>	<b>10,468,940</b>	<b>35,446,139</b>	<b>1,635,853</b>
<b>Profit before tax</b>		<b>6,301,707</b>	<b>8,844,448</b>	<b>33,391,318</b>	<b>887,683</b>
Current tax expense		770,100	2,869,242	8,471,428	339,369
Deferred tax		355,243	(407,234)	(51,991)	(144,079)
<b>Net tax expense</b>		<b>1,125,343</b>	<b>2,462,008</b>	<b>8,419,437</b>	<b>195,290</b>
<b>Profit after tax</b>		<b>5,176,364</b>	<b>6,382,440</b>	<b>24,971,881</b>	<b>692,393</b>

**Quant Systems INC**  
**Cash Flow Statement for year ended Mar 31, 2024**

	USD
	Year ended March 31, 2024
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
<b>Net profit before tax</b>	<b>33,391,318</b>
Adjustments for :	
Depreciation and amortization expense	6,301
Excess of carrying costs over fair value of current investments	(47,392)
Provision for doubtful trade receivables	(26,385)
Leave encashment	(16,159)
Interest income	(417,538)
(Gain) / loss on sale of fixed assets / scrapped	6,025
<b>Operating Profit before working capital changes</b>	<b>32,896,170</b>
Adjustments for :	
Decrease/(increase) in other non-current financial assets	(14,776)
Decrease/(increase) in trade receivables	(11,277,214)
Decrease/(increase) in other current assets	(33,270)
(Decrease)/increase in trade payables	4,163,527
(Decrease)/increase in other financial liabilities	26,639
(Decrease)/increase in other current liabilities	111,909
(Decrease)/increase in provisions	(16,159)
<b>Cash generated from operations</b>	<b>23,835,123</b>
Direct taxes/advance tax paid (net)	(8,788,218)
<b>Net cash from operating activities</b>	<b>15,046,905</b>
<b>Net cash from operating activities after exceptional items</b>	<b>15,046,905</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Interest received	417,538
Assets purchased	(7,938)
<b>Net cash flow from investing activities</b>	<b>409,600</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Dividend paid	(18,000,000)
Repayment of long-term borrowings from Bank	-
<b>Net cash from financing activities</b>	<b>(18,000,000)</b>
Net increase/(decrease) in cash and cash equivalents	(2,543,495)
Opening cash and cash equivalents	12,662,998
<b>Closing cash and cash equivalents</b>	<b>10,119,503</b>
Cash and cash equivalents at the end of the year Comprises :	
Balances with banks	
In Current accounts	10,119,503
<b>Total</b>	<b>10,119,503</b>

Quant Systems INC  
Notes forming part of the financial statements

**3 : Property, Plant and Equipment**

USD

	Buildings	Office Equipments	Leasehold Improvements	Furniture and Fixtures	Plant and Equipments	Total Assets
<b>As at Mar 09, 2023</b>	-	-	-	90,802	40,067	130,869
Additions	-	-	-	-	-	-
Disposals/Write off	-	-	-	-	-	-
<b>As at Mar 31, 2023</b>	-	-	-	90,802	40,067	130,869
<b>As at Mar 31, 2023</b>	-	-	-	90,802	40,067	130,869
Additions	-	2,305	-	3,613	4,326	10,243
Reclass	-	-	-	15,101	(15,101)	-
Disposals/Write off	-	-	-	(68,455)	-	(68,455)
<b>As at Mar 31, 2024</b>	-	2,305	-	41,060	29,292	72,657
<b>Depreciation/ Amortization</b>						
<b>As at Mar 09, 2023</b>	-	-	-	83,638	33,510	117,149
Charge for the year	-	-	-	627	-	627
<b>As at Mar 31, 2023</b>	-	-	-	84,266	33,510	117,776
<b>As at Mar 31, 2023</b>	-	-	-	84,266	33,510	117,776
Charge for the year	-	171	-	5,333	4,684	10,188
Depreciation write back	-	-	-	-	(16,489)	(16,489)
Disposals/Write off	-	-	-	(62,429)	-	(62,429)
<b>As at Mar 31, 2024</b>	-	171	-	27,170	21,705	49,046
<b>Net Block</b>						
<b>As at Mar 31, 2023</b>	-	-	-	6,536	6,557	13,093
<b>As at Mar 31, 2024</b>	-	2,134	-	13,891	7,586	23,611

**Quant Systems INC**  
**Notes forming part of financial statements**

	USD	
	As at	As at
	March 31, 2024	March 31, 2023
<b>4 : Investments</b>		
<b>In subsidiary companies</b>		
Investments in Quant Cloud solutions India Limited	3,288,775	3,288,775
<b>Total</b>	<b>3,288,775</b>	<b>3,288,775</b>
<b>5 : Other financial assets</b>		
Unsecured, considered good		
Security deposits	14,776	-
<b>Total</b>	<b>14,776</b>	<b>-</b>
<b>6 : Trade receivables</b>		
Unsecured		
Considered good	19,074,024	7,798,718
Considered doubtful	182,545	157,118
	19,256,568	7,955,836
Less : Provision for doubtful trade receivables	182,545	157,118
<b>Total</b>	<b>19,074,024</b>	<b>7,798,718</b>
<b>7 : Short term Investments</b>		
Investment-Edward Jones	879,598	832,206
<b>Total</b>	<b>879,598</b>	<b>832,206</b>
<b>8 : Cash and cash equivalents</b>		
In Current accounts	10,119,503	12,662,998
<b>Total</b>	<b>10,119,503</b>	<b>12,662,998</b>
<b>9 : Other financial assets</b>		
Amount recoverable from related parties - Advances recoverable	950,041	-
Unbilled revenue	1,017,993	88,762
Compensation right asset	142,431	-
<b>Total</b>	<b>2,110,465</b>	<b>88,762</b>
<b>10 : Other current assets</b>		
Prepaid expenses	11,350	-
Advance to suppliers	21,920	-
<b>Total</b>	<b>33,270</b>	<b>-</b>

**11 : Equity Share capital****Issued, Subscribed and paid-up**

\$.80 par value 12308 shares each fully paid-up

<b>Total</b>	<u>9,800</u>	<u>9,800</u>
	<b>9,800</b>	<b>9,800</b>

**12 : Other equity**

Opening balance	15,487,070	14,794,677
Profit for the period	24,971,881	692,393
Less: Dividend paid	(21,500,000)	
<b>Closing balance</b>	<b>18,958,951</b>	<b>15,487,070</b>

<b>Total</b>	<u><b>18,958,951</b></u>	<u><b>15,487,070</b></u>
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**13 : Deferred tax liability**

Deferred tax liability	798,450	855,441
<b>Total</b>	<u><b>798,450</b></u>	<u><b>855,441</b></u>

**14 : Other Financial liabilities**

Statutory remittances	114,269	87,629
Proposed dividend	3,500,000	-
<b>Total</b>	<u><b>3,614,268</b></u>	<u><b>87,629</b></u>

**15 : Other current liabilities**

Advances from customers	111,908	-
<b>Total</b>	<u><b>111,908</b></u>	<u>-</u>

**16 : Provisions**

Provision for compensated absences	14,244	30,403
<b>Total</b>	<u><b>14,244</b></u>	<u><b>30,403</b></u>

**17 : Current tax liabilities**

Provision for tax	7,936,111	3,930,220
<b>Total</b>	<u><b>7,936,111</b></u>	<u><b>3,930,220</b></u>

Quant Systems INC  
Notes forming part of financial statements

	USD			
	For the quarter ended March 31, 2024	For the quarter ended December 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>18.1 : Revenue from operations</b>				
Revenue from software services	17,230,547	19,178,110	68,372,526	2,521,963
<b>Total</b>	<b>17,230,547</b>	<b>19,178,110</b>	<b>68,372,526</b>	<b>2,521,963</b>
<b>18.2 : Other income</b>				
Interest income	68,166	101,246	417,538	19,171
Net gain on excess of fair value over carrying costs of current investments	8,503	34,032	47,393	15,000
<b>Total</b>	<b>76,669</b>	<b>135,278</b>	<b>464,931</b>	<b>34,171</b>
<b>19 : Employee benefit expenses</b>				
Salaries, wages, bonus and allowances	448,970	1,510,811	5,399,760	752,834
Staff welfare expenses	26,259	32,439	138,539	9,684
<b>Total</b>	<b>475,229</b>	<b>1,543,250</b>	<b>5,538,299</b>	<b>762,518</b>
<b>20 : Other expenses</b>				
Rent	72,405	63,898	200,662	-
Commission	111,277	111,556	434,082	32,598
Recruitment exp	239	8,994	56,562	2,652
Insurance	3,514	6,196	29,362	-
Rates and taxes	18,727	20,717	42,385	-
Communication cost	4,686	3,422	24,068	727
Facility maintenance	5,724	7,425	31,449	546
Travelling and conveyance expenses	41,858	19,108	111,073	16,298
Software license fee	-	-	4,036	1,221
Professional and technical fees	5,041	1,071	11,884	294
Legal fees	-	-	35,669	-
Assets written off	6,025	-	6,025	-
Insourcing professional fees	10,210,439	8,620,904	28,812,836	859,790
Provision for doubtful trade receivables	-	-	(26,385)	(8,847)
Miscellaneous expenses	46,960	58,758	140,433	27
<b>Total</b>	<b>10,526,895</b>	<b>8,922,049</b>	<b>29,914,141</b>	<b>905,306</b>



**Sonata Software Canada Limited**  
**Balance Sheet as at Mar 31, 2024**

(Amt in CAD)

	Note No.	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	100,016	114,181
Other financial assets	4	320,447	17,656
<b>Total non-current assets</b>		<b>420,463</b>	<b>131,837</b>
<b>CURRENT ASSETS</b>			
Financial assets			
Trade receivables	5	34,545	161,222
Cash and cash equivalents	6	213,803	-
Other current assets	7	51,810	17,275
<b>Total current assets</b>		<b>300,158</b>	<b>178,497</b>
<b>Total assets</b>		<b>720,621</b>	<b>310,334</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital		1,000	-
Other equity	8	248,554	(18,959)
<b>Total Equity</b>		<b>249,554</b>	<b>(18,959)</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities			
Trade payables		407,499	(17,998)
Other current liabilities	9	20,018	347,291
Current tax liabilities(net)		43,549	-
<b>Total current liabilities</b>		<b>471,067</b>	<b>329,293</b>
<b>Total equity and liabilities</b>		<b>720,621</b>	<b>310,334</b>

Sonata Software Canada Limited

Statement of Profit and Loss for the quarter and year ended Mar 31, 2024

						(Amt in CAD)
		For the quarter ended March 31, 2024	For the quarter ended December 31, 2023	For the quarter ended March 31, 2023	For the year ended March 31, 2024	For the year ended March 31, 2023
	Note No.					
<b>INCOME</b>						
Revenue from operations	10	125,507	272,988	-	1,237,689	157,233
Other Income	10.1	4,617	2,104	-	6,966	-
<b>Total revenue</b>		<b>130,124</b>	<b>275,092</b>	<b>-</b>	<b>1,244,655</b>	<b>157,233</b>
<b>EXPENSES</b>						
Employee benefit expenses	11	(3,405)	(6,164)	-	1,185	-
<b>Total expenses</b>		<b>(3,405)</b>	<b>(6,164)</b>	<b>-</b>	<b>1,185</b>	<b>-</b>
Depreciation and amortization expense	3	5,477	5,566	5,093	21,478	9,802
Other expenses	12	226,139	230,851	27,709	910,931	166,390
<b>Total expenses</b>		<b>228,211</b>	<b>230,253</b>	<b>32,802</b>	<b>933,594</b>	<b>176,192</b>
<b>Profit before tax</b>		<b>(98,087)</b>	<b>44,839</b>	<b>(32,802)</b>	<b>311,061</b>	<b>(18,959)</b>
Tax expense		43,549	-	-	43,549	-
<b>Profit after tax</b>		<b>(141,636)</b>	<b>44,839</b>	<b>(32,802)</b>	<b>267,512</b>	<b>(18,959)</b>

3 : Property, plant and equipment

(Amt in CAD)

Particulars	Tangible Assets				Total
	Office Equipments	Leasehold Improvements	Furniture and Fixtures	Plant and Machinery	

As at April 1, 2023	-	22,527	74,605	26,852	123,984
Additions					-
Disposals/Write off	-	-	-	-	-
As at June 30, 2023	-	22,528	74,605	26,852	123,984

As at April 1, 2023	-	22,528	74,605	26,852	123,985
Additions	2,947				2,947
Disposals/Write off	-	-	-	-	-
As at Sept 30, 2023	2,947	22,529	74,605	26,852	126,932

As at April 1, 2023	-	22,528	74,605	26,852	123,985
Additions	2,947			1,570	4,517
Disposals/Write off	-	-	-	-	-
As at Dec 31, 2023	2,947	22,529	74,605	28,422	128,502

As at April 1, 2023	-	22,528	74,605	26,852	123,985
Additions	5,740			1,570	7,310
Disposals/Write off	-	-	-	-	-
As at Mar 31, 2024	5,740	22,529	74,605	28,422	131,295

<b>Depreciation/ Amortization</b>					
As at April 1, 2023	-	3,381	2,655	3,766	9,802
Charge for the period		1,123	2,655	1,342	5,121
Disposals/Write off					-
As at June 30, 2023	-	4,504	5,311	5,108	14,923
As at April 1, 2023	-	3,381	2,655	3,766	9,802
Charge for the period	138	2,258	5,340	2,699	10,435
Disposals/Write off					-
As at Sept 30, 2023	138	5,639	7,995	6,465	20,238
As at April 1, 2023		3,381	2,655	3,766	9,802
Charge for the period	472	3,394	8,025	4,110	15,999
Disposals/Write off					-
As at Dec 31, 2023	472	6,775	10,680	7,875	25,802
As at April 1, 2023		3,381	2,655	3,766	9,802
Charge for the period	809	4,504	10,651	5,514	21,478
Disposals/Write off					-
As at Mar 31, 2024	809	7,885	13,306	9,280	31,281

<b>Net Block</b>					
As at March 31, 2023	-	19,146	(2,655)	97,692	114,181
As at June 30, 2023	-	18,024	69,295	21,744	109,061
As at Sept 30, 2023	2,809	16,889	66,610	20,387	106,696
As at Dec 31, 2023	2,475	15,754	63,925	20,547	102,701
As at Mar 31, 2024	4,931	14,643	61,299	19,142	100,016

**Sonata Software Canada Limited**  
**Notes forming part of financial statements**

(Amt in CAD)

	As at March 31, 2024	As at March 31, 2023
<b>4 : Other financial assets</b>		
Loans and advances to related parties		
Interest accrued on Term Deposit	2,792	
Security deposits	17,656	17,656
Investment - Short term	300,000	-
<b>Total</b>	<b>320,447</b>	<b>17,656</b>
<b>5 : Trade receivables</b>		
Considered good	34,545	161,222
	34,545	161,222
Less : Provision for doubtful trade receivables	-	-
	34,545	161,222
<b>Total</b>	<b>34,545</b>	<b>161,222</b>
<b>6 : Cash and cash equivalents</b>		
Balances with banks		
In Current accounts	213,803	-
<b>Total</b>	<b>213,803</b>	<b>-</b>
<b>7 : Other current assets</b>		
Prepaid expenses	2,480	-
Other recoverables	10,815	(8,999)
GST Input	38,515	26,274
<b>Total</b>	<b>51,810</b>	<b>17,275</b>
<b>Issued, Subscribed and paid-up</b>		
500,250 shares of \$1 each fully paid-up	1,000	-
( As at 31.03.2021, 500,250 shares of \$1 each fully paid up )		
<b>Total</b>	<b>1,000</b>	<b>-</b>
<b>8 : Other equity</b>		
<b>Retained earnings</b>		
Opening balance	(18,958)	-
Profit for the year	267,512	(18,959)
<b>Closing balance</b>	<b>248,554</b>	<b>(18,959)</b>
<b>Total</b>	<b>248,554</b>	<b>(18,959)</b>
<b>9 : Other current liabilities</b>		
Reimbursable Expenses payable to related party	20,018	347,291
<b>Total</b>	<b>20,018</b>	<b>347,291</b>

Sonata Software Canada Limited  
Notes forming part of financial statements

	(Amt in CAD)				
	For the quarter ended March 31, 2024	For the quarter ended December 31, 2023	For the quarter ended March 31, 2023	For the year ended March 31, 2023	For the year ended March 31, 2023
<b>10 : Revenue from operations</b>					
Revenue from software services	125,507	272,988	-	1,237,689	157,233
<b>Total</b>	<b>125,507</b>	<b>272,988</b>	<b>-</b>	<b>1,237,689</b>	<b>157,233</b>
<b>10.1 : Other Income</b>					
Interest income	4,617	2,104	-	6,966	-
	<b>4,617</b>	<b>2,104</b>	<b>-</b>	<b>6,966</b>	<b>-</b>
<b>11 : Employee benefit expenses</b>					
Salaries, wages, bonus and allowances	(3,429)	(6,731)	-	-	-
<b>Total</b>	<b>(3,405)</b>	<b>(6,164)</b>	<b>-</b>	<b>1,185</b>	<b>-</b>
<b>12 : Other expenses</b>					
Rent	14,013	14,012	14,012	56,050	42,037
Repairs and maintenance - Machinery	-	-	-	-	1,928
Insurance	827	518	420	3,014	1,892
Rates and taxes	1,645	1,747	1,645	6,851	5,603
Communication cost	1,130	15,713	-	25,020	-
Facility maintenance	10,109	10,532	10,774	44,339	45,865
Travelling and conveyance expenses	315	424	-	967	-
Software licence fees	-	-	-	-	1,749
Professional and technical fees	69,618	39,520	794	109,138	70,095
Software Project Fee	108,174	152,828	-	639,167	-
Net loss on foreign currency transaction and translation	16,764	(8,116)	64	9,887	(3,779)
Miscellaneous expenses	3,544	3,673	-	16,498	1,000
<b>Total</b>	<b>226,139</b>	<b>230,851</b>	<b>27,709</b>	<b>910,931</b>	<b>166,390</b>

**Sonata Software Malaysia SDN BHD.**  
**Balance Sheet as at 31st March 2024**

**MYR**

**As at**  
**March 31, 2024**

**ASSETS**

**NON-CURRENT ASSETS**

Property, Plant and Equipment	<b>3</b>	228,548
Other non-current assets	<b>4</b>	191,641
<b>Total non-current assets</b>		<b>420,189</b>

**CURRENT ASSETS**

Financial assets		
Trade receivables	<b>5</b>	494,176
Cash and cash equivalents	<b>6</b>	1,257,774
Other financial assets	<b>7</b>	66,176
Other current assets	<b>8</b>	3,228
<b>Total current assets</b>		<b>1,821,354</b>

**TOTAL**

**2,241,543**

**EQUITY AND LIABILITIES**

**Equity**

Equity Share capital	<b>9</b>	500,000
Other equity	<b>10</b>	580,579
<b>Total Equity</b>		<b>1,080,579</b>

**LIABILITIES**

**CURRENT LIABILITIES**

Financial liabilities		
Trade payables	<b>11</b>	916,332
Other financial liabilities	<b>12</b>	201,744
Provisions	<b>13</b>	42,888
<b>Total Current liabilities</b>		<b>1,160,964</b>

**TOTAL**

**2,241,543**

**Sonata Software Malaysia SDN BHD.**

**Statement of Profit and Loss for the year ended March 31, 2024**

		MYR		
		For the quarter ended March 31,2024	For the quarter ended December 31,2023	For the year ended March 31, 2024
<b>REVENUE</b>				
Revenue from operations	<b>14</b>	3,013,089	820,213	3,833,302
<b>Total revenue</b>		<b>3,013,089</b>	<b>820,213</b>	<b>3,833,302</b>
<b>EXPENSES</b>				
Employee benefit expenses	<b>15</b>	1,111,703	632,242	1,753,794
Depreciation and amortization expense	<b>3</b>	30,642	9,200	40,042
Other expenses	<b>16</b>	1,204,405	236,677	1,458,887
<b>Total expenses</b>		<b>2,346,750</b>	<b>878,119</b>	<b>3,252,723</b>
<b>Profit before tax</b>		<b>666,339</b>	<b>(57,906)</b>	<b>580,579</b>
<b>Tax expense</b>		-	-	-
<b>Profit after tax</b>		<b>666,339</b>	<b>(57,906)</b>	<b>580,579</b>

**Sonata Software Malaysia SDN BHD.**  
**Cash Flow Statement for the period ended March 31, 2024**

	MYR
	Year ended March 31, 2024
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Net profit/(loss) before tax	580,579
Adjustments for :	
Depreciation and amortization expense	40,042
<b>Operating Profit before working capital changes</b>	<b>620,621</b>
Adjustments for :	
Decrease/(increase) in trade receivables	(494,176)
Decrease/(increase) in other financial assets	(66,176)
Decrease/(increase) in other current assets	(194,869)
(Decrease)/increase in trade payables	916,331
(Decrease)/increase in other financial liabilities	201,744
(Decrease)/increase in short-term provisions	42,888
<b>Cash generated from operations</b>	<b>1,026,363</b>
<b>Net cash from operating activities</b>	<b>1,026,363</b>
<b>Net cash from operating activities after exceptional items</b>	<b>1,026,363</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Acquisition of property plant and equipments	(268,590)
<b>Net cash flow from investing activities</b>	<b>(268,590)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds from issuance of share capital	500,000
<b>Net cash from financing activities</b>	<b>500,000</b>
Net increase/(decrease) in cash and cash equivalents	1,257,774
Opening cash and cash equivalents	-
<b>Closing cash and cash equivalents</b>	<b>1,257,774</b>
Balances with banks	
In Current accounts	1,257,774
<b>Total</b>	<b>1,257,774</b>



Sonata Software Malaysia SDN BHD.  
Notes forming part of the financial statements

MYR

<b>Net Block:</b>			
As at 1st April , 2022	-	-	-
As at March 31, 2023	-	-	-

<b>Tangible Assets</b>			
<b>Particulars</b>	<b>Plant and Equipments</b>	<b>Leasehold improvements</b>	<b>Total Tangible Assets</b>
As at 1st April , 2023	-	-	-
Additions	268,590	-	<b>268,590</b>
Disposals/Write off	-	-	-
<b>As at March 31, 2024</b>	<b>268,590</b>	-	<b>268,590</b>

<b>Depreciation/ Amortization</b>			
As at 1st April , 2023	-	-	-
Charge for the Year	40,042	-	40,042
<b>As at March 31, 2024</b>	<b>40,042</b>	-	<b>40,042</b>

<b>Net Block:</b>			
As at 1st April , 2023	-	-	-
As at March 31, 2024	<b>228,548</b>	-	<b>228,548</b>

**Sonata Software Malaysia SDN BHD.**  
**Notes forming part of the financial statements**

	MYR
	As at March 31, 2024
<b>4 : Other non-current assets</b>	
Rent Deposit	191,641
	<b>191,641</b>
<b>5 : Trade receivables</b>	
Unsecured	
Considered good	494,176
Considered doubtful	-
	494,176
Less : Provision for doubtful trade receivables	-
<b>Total</b>	<b>494,176</b>
<b>6 : Cash and cash equivalents</b>	
Cash on hand	-
<b>Balances with banks</b>	
In Current accounts	1,257,774
<b>Total</b>	<b>1,257,774</b>
<b>7 : Other financial assets</b>	
Loans and advances to related parties - Advances recovered	66,176
Income Accrued But Not Due - Sales	-
	<b>66,176</b>
<b>8 : Other current assets</b>	
GST & VAT credit receivable	1,203
Prepayment	2,025
<b>Total</b>	<b>3,228</b>
<b>9 : Equity Share capital</b>	
<b>Issued, Subscribed and paid-up</b>	
Share capital	500,000
<b>Total</b>	<b>500,000</b>
<b>10 : Other equity</b>	
<b>Securities premium</b>	
<b>Surplus in Statement of Profit and Loss</b>	
Opening balance	-
Profit/(loss) for the year	580,579
<b>Total</b>	<b>580,579</b>
<b>11 : Trade payables</b>	
Trade payables - other than acceptances	916,332
<b>Total</b>	<b>916,332</b>
<b>12 : Other financial liabilities</b>	
Statutory remittances	93,158
Provision for expenses, Salary payable & others	108,586
<b>Total</b>	<b>201,744</b>
<b>13 : Provisions</b>	
Provision for compensated absences	42,888
<b>Total</b>	<b>42,888</b>

**Sonata Software Malaysia SDN BHD.**  
**Notes forming part of the financial statements**

	MYR		
	For the quarter ended March 31,2024	For the quarter ended December 31,2023	For the year ended March 31, 2024
<b>14 : Revenue from operations</b>			
Revenue from software services	3,013,089	820,213	3,833,302
<b>Total</b>	<b>3,013,089</b>	<b>820,213</b>	<b>3,833,302</b>
<b>15 : Employee benefit expenses</b>			
Salaries, wages, bonus and allowances	989,008	562,144	1,551,153
Contributions to provident and other fund	121,829	65,771	187,600
Staff welfare expenses	866	4,327	15,041
<b>Total</b>	<b>1,111,703</b>	<b>632,242</b>	<b>1,753,794</b>
<b>16 : Other expenses</b>			
Rent	155,649	-	155,649
Repairs and maintenance - Machinery	8,232	-	8,232
Rates and taxes	21,813	-	21,813
Communication cost	-	374	374
Facility maintenance	21,338	12,835	35,283
Travelling and conveyance expenses	20,239	-	20,239
Profesional Fees	68,724	24,039	100,577
Legal fees	10,211	-	10,211
Insourcing professional fees	427,851	11,615	439,466
Recruitment	377,358	197,002	583,241
Net loss on foreign currency transaction and translation	52,946	(9,188)	43,758
Miscellaneous expenses	40,044	-	40,044
<b>Total</b>	<b>1,204,405</b>	<b>236,677</b>	<b>1,458,887</b>

**Gapbuster Worldwide Pty Limited**  
**Balance Sheet as at 31st March 2024**

**AUD**

		<b>As at March 31, 2024</b>	<b>As at March 31, 2023</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	<b>3</b>	261,164	330,626
Other non-current assets	<b>4</b>	64,387	64,387
Deferred tax assets (net)	<b>5</b>	252,100	-
<b>Total non-current assets</b>		<b>577,651</b>	<b>395,013</b>
<b>CURRENT ASSETS</b>			
Financial assets			
Trade receivables	<b>6</b>	4,977,922	5,800,599
Cash and cash equivalents	<b>7</b>	285,701	307,998
Other financial assets	<b>8</b>	585,439	968,330
Other current assets	<b>9</b>	158,756	35,194
<b>Total current assets</b>		<b>6,007,818</b>	<b>7,112,121</b>
<b>TOTAL</b>		<b>6,585,469</b>	<b>7,507,134</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share capital	<b>10</b>	6,921,883	6,921,883
Other equity	<b>11</b>	(5,991,123)	(5,943,259)
<b>Total Equity</b>		<b>930,760</b>	<b>978,624</b>
<b>LIABILITIES</b>			
<b>NON CURRENT LIABILITIES</b>			
Deffered Tax Liabilities	<b>12</b>	-	40,000
<b>Total Non-current liabilities</b>		<b>-</b>	<b>40,000</b>
<b>CURRENT LIABILITIES</b>			
Financial liabilities			
Trade payables	<b>13</b>	556,710	765,434
Borrowings	<b>14</b>	1,247,461	1,651,865
Other financial liabilities	<b>15</b>	2,480,427	2,845,738
Provisions	<b>16</b>	998,318	1,114,568
Current tax liabilities (net)		371,793	110,904
<b>Total Current liabilities</b>		<b>5,654,709</b>	<b>6,488,509</b>
<b>TOTAL</b>		<b>6,585,469</b>	<b>7,507,134</b>

Gapbuster Worldwide Pty Limited  
Statement of Profit and Loss for the year ended March 31, 2024

		For the quarter ended March 31,2024	For the quarter ended December 31,2023	For the quarter ended March 31,2023	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>REVENUE</b>						
Revenue from operations	17.1	2,468,056	963,498	2,322,152	8,423,403	10,007,872
<b>Total revenue</b>		<b>2,468,056</b>	<b>963,498</b>	<b>2,322,152</b>	<b>8,423,403</b>	<b>10,007,872</b>
<b>EXPENSES</b>						
Employee benefit expenses	18	966,276	1,118,921	1,055,734	4,401,305	4,376,440
Finance costs	19	25,186	25,929	32,560	117,874	114,441
Depreciation and amortization expense		29,972	57,962	26,254	115,247	89,815
Other expenses	20	980,655	1,045,925	1,244,885	3,852,929	5,069,915
<b>Total expenses</b>		<b>2,002,089</b>	<b>2,248,737</b>	<b>2,359,434</b>	<b>8,487,355</b>	<b>9,650,611</b>
<b>Profit before tax</b>		<b>465,967</b>	<b>(1,285,239)</b>	<b>(37,281)</b>	<b>(63,952)</b>	<b>357,261</b>
<b>Tax expense</b>		<b>(292,100)</b>	<b>46,687</b>	<b>128,614</b>	<b>(16,088)</b>	<b>135,325</b>
<b>Profit after tax</b>		<b>758,067</b>	<b>(1,331,926)</b>	<b>(165,895)</b>	<b>(47,864)</b>	<b>221,936</b>

**Gapbuster Worldwide Pty Limited**  
**Cash Flow Statement for the period ended March 31, 2024**

	AUD	
	Year ended March 31, 2024	Year ended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>Net profit/(loss) before tax</b>	<b>(63,952)</b>	<b>357,261</b>
Adjustments for :		
Depreciation and amortization expense	115,247	89,815
Interests paid on ICD	100,808	99,212
Allowance for bad & doubtful trade receivables	9,864	25,264
<b>Operating Profit before working capital changes</b>	<b>161,967</b>	<b>571,552</b>
Adjustments for :		
Decrease/(increase) in trade receivables	812,813	(2,367,247)
Decrease/(increase) in other financial assets	382,891	(800,219)
Decrease/(increase) in other current assets	(123,562)	19,754
(Decrease)/increase in trade payables	(208,725)	273,082
(Decrease)/increase in other financial liabilities and current tax liabilities	(370,710)	1,570,788
(Decrease)/increase in short-term provisions	(116,250)	179,184
<b>Cash generated from operations</b>	<b>538,424</b>	<b>(553,106)</b>
Direct taxes/advance tax paid (net)	(9,724)	(209,679)
<b>Net cash from operating activities</b>	<b>528,700</b>	<b>(762,785)</b>
<b>Net cash from operating activities after exceptional items</b>	<b>528,700</b>	<b>(762,785)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets, including intangible assets, CWIP and	(45,785)	(107,897)
<b>Net cash flow from investing activities</b>	<b>(45,785)</b>	<b>(107,897)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid on ICD	(100,808)	(99,212)
Repayment of Inter corporate loan from subsidiary	(404,404)	(55,807)
<b>Net cash from financing activities</b>	<b>(505,212)</b>	<b>(155,019)</b>
Net increase/(decrease) in cash and cash equivalents	(22,297)	(1,025,701)
Opening cash and cash equivalents	307,998	186,385
<b>Closing cash and cash equivalents</b>	<b>285,701</b>	<b>(839,316)</b>
Balances with banks		
In Current accounts	285,701	307,998
<b>Total</b>	<b>285,701</b>	<b>307,998</b>

**Gapbuster Worldwide Pty Limited**  
**Notes forming part of the financial statements**

<b>Tangible Assets</b>			
<b>Particulars</b>	<b>Plant and Equipments</b>	<b>Leasehold improvements</b>	<b>Total Tangible Assets</b>
As at 1st April , 2022	3,976,483	-	<b>3,976,483</b>
Additions	107,897	-	<b>107,897</b>
Disposals/Write off	(3,451,173)	-	<b>(3,451,173)</b>
<b>As at March 31, 2023</b>	<b>633,206</b>	<b>-</b>	<b>633,206</b>

<b>Depreciation/ Amortization</b>			
As at 1st April , 2022	3,663,552	-	3,663,552
Charge for the Year	89,815	-	89,815
Disposals/Write off	(3,450,786)	-	<b>(3,450,786)</b>
<b>As at March 31, 2023</b>	<b>302,580</b>	<b>-</b>	<b>302,580</b>

<b>Net Block:</b>			
<b>As at 1st April , 2022</b>	<b>312,931</b>	<b>-</b>	<b>312,931</b>
<b>As at March 31, 2023</b>	<b>330,626</b>	<b>-</b>	<b>330,626</b>

<b>Tangible Assets</b>			
<b>Particulars</b>	<b>Plant and Equipments</b>	<b>Leasehold improvements</b>	<b>Total Tangible Assets</b>
As at 1st April , 2023	633,206	-	<b>633,206</b>
Additions	45,785	-	<b>45,785</b>
Disposals/Write off	-	-	-
<b>As at March 31, 2024</b>	<b>678,991</b>	<b>-</b>	<b>678,991</b>

<b>Depreciation/ Amortization</b>			
As at 1st April , 2023	302,580	-	302,580
Charge for the Year	115,247	-	115,247
<b>As at March 31, 2024</b>	<b>417,827</b>	<b>-</b>	<b>417,827</b>

<b>Net Block:</b>			
<b>As at 1st April , 2023</b>	<b>330,626</b>	<b>-</b>	<b>330,626</b>
<b>As at March 31, 2024</b>	<b>261,164</b>	<b>-</b>	<b>261,164</b>

**Gapbuster Worldwide Pty Limited**  
**Notes forming part of the financial statements**

	AUD	
	As at March 31, 2024	As at March 31, 2023
<b>4 : Other non-current assets</b>		
Rent Deposit	64,387	64,387
	<b>64,387</b>	<b>64,387</b>
<b>5 : Deferred tax assets (net)</b>		
Deferred tax assets (net)	252,100	-
	<b>252,100</b>	-
<b>6 : Trade receivables</b>		
Unsecured		
Considered good	4,977,922	5,800,599
Considered doubtful	78,027	69,294
	5,055,949	5,869,893
Less : Provision for doubtful trade receivables	78,027	69,294
<b>Total</b>	<b>4,977,922</b>	<b>5,800,599</b>
<b>7 : Cash and cash equivalents</b>		
Cash on hand	-	560
<b>Balances with banks</b>		
In Current accounts	285,701	307,438
<b>Total</b>	<b>285,701</b>	<b>307,998</b>
<b>8 : Other financial assets</b>		
Loans and advances to related parties - Advances recoverable	29,355	1,550
Income Accrued But Not Due - Sales	556,084	966,780
	<b>585,439</b>	<b>968,330</b>
<b>9 : Other current assets</b>		
GST & VAT credit receivable	97,365	6,481
Prepayment	61,391	28,713
<b>Total</b>	<b>158,756</b>	<b>35,194</b>
<b>10 : Equity Share capital</b>		
<b>Issued, Subscribed and paid-up</b>		
Share capital	6,921,883	6,921,883
<b>Total</b>	<b>6,921,883</b>	<b>6,921,883</b>
<b>11 : Other equity</b>		
<b>Securities premium</b>		
<b>Surplus in Statement of Profit and Loss</b>		
Opening balance	(5,943,259)	(6,165,195)
Profit/(loss) for the year	(47,864)	221,936
<b>Total</b>	<b>(5,991,123)</b>	<b>(5,943,259)</b>
<b>12 : Deffered Tax Liabilities</b>		
Deferred tax liabilities (net)	-	40,000
<b>Total</b>	-	<b>40,000</b>
<b>13 : Trade payables</b>		
Trade payables - other than acceptances	556,710	765,434
<b>Total</b>	<b>556,710</b>	<b>765,434</b>
<b>14 : Borrowings</b>		
Inter corporate loan payable	1,247,461	1,651,865
<b>Total</b>	<b>1,247,461</b>	<b>1,651,865</b>
<b>15 : Other financial liabilities</b>		
Income received in advance (Unearned revenue)	1,095,499	1,505,628
Interest accrued on Inter-corporate deposits	252,513	151,705
Statutory remittances	207,164	86,010
Provision for expenses, Salary payable & others	925,251	1,102,395
<b>Total</b>	<b>2,480,427</b>	<b>2,845,738</b>
<b>16 : Provisions</b>		
Provision for compensated absences	998,318	1,114,568
<b>Total</b>	<b>998,318</b>	<b>1,114,568</b>



**Gapbuster Worldwide Pty Limited**  
**Notes forming part of the financial statements**

	For the quarter ended March 31,2024	For the quarter ended December 31,2023	For the quarter ended March 31,2023	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>17.1 : Revenue from operations</b>					
Revenue from software services	2,310,371	2,000,586	2,017,063	8,317,446	8,270,149
Other operating revenues	-	-	-	-	-
Service charges	157,685	(1,037,087)	305,089	105,957	1,737,723
<b>Total</b>	<b>2,468,056</b>	<b>963,498</b>	<b>2,322,152</b>	<b>8,423,403</b>	<b>10,007,821</b>
<b>18 : Employee benefit expenses</b>					
Salaries, wages, bonus and allowances	960,006	1,098,460	1,044,403	4,351,844	4,310,052
Staff welfare expenses	6,270	20,462	11,332	49,461	66,389
<b>Total</b>	<b>966,276</b>	<b>1,118,921</b>	<b>1,055,734</b>	<b>4,401,305</b>	<b>4,376,440</b>
<b>19 : Finance costs</b>					
Lease rental discounted	3,596	4,067	4,063	17,066	15,229
Interest on ICD	21,590	21,862	28,497	100,808	99,212
<b>Total</b>	<b>25,186</b>	<b>25,929</b>	<b>32,560</b>	<b>117,874</b>	<b>114,441</b>
<b>20 : Other expenses</b>					
Power and fuel	2,100	2,100	4,360	8,567	12,735
Rent	39,627	39,627	33,206	154,904	141,612
Repairs and maintenance - Machinery	53,217	51,382	34,977	176,358	148,215
Insurance	3,505	2,649	1,766	11,451	8,677
Communication cost	36,640	55,443	50,223	184,904	194,571
Facility maintenance	3,237	3,120	3,414	15,441	23,037
Travelling and conveyance expenses	9,244	11,359	13,554	51,228	80,908
Shoppers Fees & Call centre cost	747,828	635,030	921,878	2,849,092	3,367,362
Profesional Fees	15,044	7,105	(9,396)	45,152	29,450
Legal fees	750	750	2,100	4,800	11,350
Insourcing professional fees	67,760	77,610	100,415	339,533	308,670
Recruitment	15,952	13,304	-	50,441	-
Net loss on foreign currency transaction and translation	(30,947)	125,125	(4,266)	(125,902)	599,570
Provision for doubtful trade receivables	-	-	56,648	9,864	25,264
Miscellaneous expenses	16,698	21,321	36,008	77,096	118,492
<b>Total</b>	<b>980,655</b>	<b>1,045,925</b>	<b>1,244,885</b>	<b>3,852,929</b>	<b>5,069,915</b>



**SONATA SOFTWARE W.L.L**  
**(Under Liquidation)**  
**INDEPENDENT AUDITOR'S REPORT**  
**AND FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31 DECEMBER 2023**

Mesha! Abdullah Al Thani Office Accounting & Auditing

SONATA SOFTWARE W.L.L (Under Liquidation)

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**INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF  
SONATA SOFTWARE W.L.L (Under Liquidation)  
Report on the audit of the financial statements**

**Opinion**

We have audited the financial statements of SONATA SOFTWARE W.L.L (Under Liquidation) (the "Company") as of 31 December 2023. The financial statements comprise the statement of financial position as of 31 December 2023, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of 31 December 2023, and its financial performance and its cash flows for the year ended in accordance with International Financial Reporting Standards (IFRSs).

**Basis for opinion**

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the firm in accordance with the International Code of Ethics for Professional Accountants (including international independent standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibility of management and Board of Directors for the financial statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, 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 responsible for overseeing the company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

Our primary objectives are to obtain reasonable assurance regarding the absence of material misstatements in the financial statements due to fraud or error and to issue an auditor's report expressing our opinion. While reasonable assurance provides a high level of confidence, it does not guarantee the detection of every material misstatement.

As part of our audit conducted in accordance with International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional skepticism throughout the process. Our responsibilities include:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the firm's internal control.



**INDEPENDENT AUDITOR'S REPORT TO THE PARTNERS OF  
SONATA SOFTWARE W.L.L (Under Liquidation)  
Report on the audit of the financial statements**

**Auditor's responsibilities for the audit of the financial statements**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 firm to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors 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.

**Report on other legal and regulatory requirements**

As required by the Qatar Commercial Companies Law No. 11 of 2015, whose certain provisions were subsequently amended by Law No. 8 of 2021 ("amended QCCL"), we also report that:

We have obtained all the information and explanations for the purpose of our audit; the Company has maintained proper accounting records. Furthermore, the physical count of the Company's inventories was carried out in accordance with established principles. We are not aware of any violations of the applicable provisions of the amended QCCL, or the terms of the Company's Articles of Association having occurred during the year which might have had a material effect on the Company's financial position or performance.

On behalf of Meshal Abdullah Al Thani Accounting & Auditing

Meshal Abdullah Al Thani  
License No: 210  
Doha – Qatar  
29 April 2024



SONATA SOFTWARE W.L.L. (Under Liquidation)  
STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2023

	Notes	31 Dec 2023 (QAR)	31 Dec 2022 (QAR)
<b>Current assets</b>			
Accounts receivable and other receivables	3	-	99,603
Cash and cash equivalents	4	-	-
		-	99,603
<b>TOTAL ASSETS</b>		-	99,603
<b>EQUITY</b>			
Share capital	5	200,000	200,000
Shareholders' current accounts		(200,000)	1,393,231
Accumulated loss		-	(2,868,400)
<b>Total shareholders' equity</b>		-	(1,275,169)
<b>Current liabilities</b>			
Accounts payable and other payables	6	-	1,374,772
		-	1,374,772
<b>TOTAL LIABILITY</b>		-	1,374,772
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>		-	99,603

*Hyperas*

M/s. Sonata Software Limited



The attached notes 1 to 10 form part of these financial statements.

SONATA SOFTWARE W.L.L. (Under Liquidation)  
STATEMENT OF PROFIT AND LOSS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	31 Dec 2023 (QAR)	31 Dec 2022 (QAR)
Revenue		-	41,148
Cost of revenue		-	(41,216)
<b>Gross loss</b>		-	(68)
Other income		5,055	-
General and administrative expenses	7	(87,353)	(143,004)
<b>Net loss for the year</b>		<b>(82,298)</b>	<b>(143,072)</b>

*[Handwritten Signature]*

M/s. Sonata Software Limited



The attached notes 1 to 10 form part of these financial statements.

SONATA SOFTWARE W.L.L. (Under Liquidation)

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR 31 DECEMBER 2023

	Share capital (QAR)	Shareholders' current accounts (QAR)	Accumulated loss (QAR)	Total (QAR)
Balance at January 01, 2022	200,000	1,395,812	(2,600,511)	(1,004,699)
Net loss for the year	-	-	(143,072)	(143,072)
Net movement in shareholders' current accounts	-	140	-	-
<b>Balance at December 31, 2022</b>	<b>200,000</b>	<b>1,393,231</b>	<b>(2,868,400)</b>	<b>(1,275,169)</b>
Net loss for the year	-	-	(82,298)	(82,298)
Net movement in shareholders' current accounts	-	(1,593,231)	2,950,698	1,357,467
<b>Balance at December 31, 2023</b>	<b>200,000</b>	<b>(200,000)</b>	<b>-</b>	<b>-</b>

The attached notes 1 to 10 form part of these financial statements.



SONATA SOFTWARE W.L.L. (Under Liquidation)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	31 Dec 2023 (QAR)	31 Dec 2022 (QAR)
<b>Cash flows from operating activities</b>			
Net loss for the year		(82,298)	(143,072)
<b>Operating profit before changes in working capital</b>		(82,298)	(143,072)
<b>Changes in</b>			
Account receivables and other receivables	4	99,603	(13,756)
Account payables and other payables	9	(1,374,772)	102,610
<b>Cash (used) in / generated from operating activities</b>		(1,357,467)	(54,218)
<b>Cash flows from financing activities</b>			
Net movement in shareholders' current accounts		1,357,467	140
<b>Net cash (used) in/ generated from investing activities</b>		1,357,467	140
<b>Net increase/ (decrease) in cash and cash equivalents</b>		-	(54,078)
Cash and cash equivalents – at January 01, 2022	5	-	54,078
<b>Cash and cash equivalents – at December 31, 2023</b>	5	-	-

The attached notes 1 to 10 form part of these financial statements.

SONATA SOFTWARE W.L.L. (Under Liquidation)  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2023

**1 CORPORATE INFORMATION AND PRINCIPAL ACTIVITIES**

Sonata Software W.L.L. (the "Company") is domiciled in the state of Qatar and registered as a limited liability company under the Commercial registration number 51072 and commenced the business activity from 7<sup>th</sup> June 2011.

The main activity of the Company is designing and developing of computer software and IT consulting.

During the year, the Qatar Commercial Law number 11 of 2015 has been amended to Law number 8 of 2021. The Company is in the process of assessing the impact of these amendments.

These financial statements were approved by the shareholders and signed on 18<sup>th</sup> March 2023.

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS.

The financial statements have been presented in Qatari Riyals (QAR), which is the Company's functional and presentation currency and have been rounded to the nearest Qatari Riyal.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

**2.2 New standards, amendments, and interpretations**

**a) New standard and amendments issued but not yet effective**

Summarised below are the new standard and amendments that are issued and are not yet effective. The Group is currently evaluating the impact of these new standard and amendments and will adopt them on their effective dates.

Effective Date	New Standard / Amendments
1 January 2022	COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
1 January 2022	Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)
1 January 2022	Annual Improvements to IFRS Standards 2018–2020
1 January 2022	Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
1 January 2022	Reference to the Conceptual Framework (Amendments to IFRS 3)
1 January 2023	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
1 January 2023	IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts
1 January 2023	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
1 January 2023	Definition of Accounting Estimates (Amendments to IAS 8)
1 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
Available for optional adoption/ effective date deferred indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)

The attached notes 1 to 10 form part of these financial statements.

## **2.3 Foreign currency translation**

### **(a) Functional and presentation currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Qatar Riyal, which is the Company's functional and presentation currency.

### **(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

## **2.4 Cash and bank balances**

Cash and Cash Equivalents comprise of Cash in hand and bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

## **2.5 Financial assets**

### **2.5.1 Classification**

The Company classifies its financial assets as those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

### **2.5.2 Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

### **2.5.3 Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

SONATA SOFTWARE W.L.L. (Under Liquidation)  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2023

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#### 2.5.4 Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories. The Company classifies all their debt instruments into the amortised cost category.

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income, together with foreign exchange gains and losses. Impairment losses are included
- within the general and administrative expenses in the statement of profit or loss and other comprehensive income.
- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other income and impairment expenses are included within the general and administrative expenses in the statement of profit or loss and other comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income in the period in which it arises.

#### 2.5.5 Impairment

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9 for trade receivables and other assets, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Following the application of IFRS 9, the Company assessed no material impact to the loss allowance as of 31 December 2021.

#### 2.6 Financial liabilities

##### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit and loss and other comprehensive income.

**2.6 Financial liabilities (Continued)**

***Offsetting of financial assets and liabilities***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**2.7 Trade and other receivables**

Trade and other receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current.

Trade receivables are recognised initially at amount of consideration that is conditional unless they contain significant financing components, when they are recognised at fair value. The Company holds the receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using effective interest method less loss allowance.

**2.8 Property and equipment**

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

**2.9 Impairment of non-financial assets**

Non-financial assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets are reviewed for possible reversal at each reporting date.

**2.10 Trade and other payables**

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

SONATA SOFTWARE W.L.L. (Under Liquidation)  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2023

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**2.11 Provisions**

Provisions are recognised when: the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**2.12 Employees' end of service benefits**

**2.12.1 Defined benefit plan**

A defined benefit plan is made in accordance with the Qatar Labour Law number 14 of 2004, where the Company makes payments to non-Qatari employees on their retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of employees' end of service indemnity is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by management using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related benefit obligation. Where there is no deep market in such bonds, the market rates on government bonds are used.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions (remeasurements) are charged or credited to equity in other comprehensive income in the period in which they arise.

Management has carried out an exercise to assess the net present value of the Company's obligations at 31 December 2021, in respect of employees' end of service benefits payable under the Qatar Labour Law. The obligation as at 31 December 2021 is not materially different from the provision computed in accordance with IAS 19 'Employee Benefits'.

Past-service costs are recognised immediately in the statement of profit or loss and other comprehensive income.

**2.12.2 Leave entitlement**

A provision is made for the estimated liability for employees' entitlement to annual leave as a result of services rendered by the employees up to the date of financial position. This provision is included in trade and other payables.

**2.12.3 Other short-term employees benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably.

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The attached notes 1 to 10 form part of these financial statements.

SONATA SOFTWARE W.L.L. (Under Liquidation)  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2023

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### 2.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction from the proceeds.

### 2.14 Revenue

Revenue represents the amounts charged to customers for goods and services provided during the period. Revenue in respect of services is recognised when these are accepted by the customers and the amount of revenue can be measured reliably.

The Company recognises revenue from contracts with customers based on a five-step model as set out in IFRS 15.

#### *Step 1 - Identify the contract(s) with a customer*

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for each of those rights and obligations.

#### *Step 2 – Identify the performance obligations in the contract*

A performance obligation in a contract is a promise to transfer a good or service to the customer.

#### *Step 3 – Determine the transaction price*

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to a customer, excluding amounts collected on behalf of third parties.

#### *Step 4 – Allocate the transaction price to the performance obligations in the contract*

For a contract that has more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that depicts the consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

#### *Step 5 – Recognise revenue when (or as) the entity satisfies a performance obligation*

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs; or
- The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- The Company's performance does not create an asset with an alternate use to the Company and the Company has an enforceable right to payment for performance obligations completed to date.

For performance obligations where none of the above conditions are met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue is measured at the fair value of the consideration received or receivable, considering the contractually agreed terms of payment excluding taxes and duties. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.

SONATA SOFTWARE W.L.L. (Under Liquidation)  
NOTES TO THE FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2023

**3 ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES**

	<b>2023</b> <b>(QAR)</b>	<b>2022</b> <b>(QAR)</b>
Account receivables	-	80,025
Security deposit	-	14,156
Prepaid expenses	-	5,422
<b>Total</b>	<b>-</b>	<b>99,603</b>

**4 CASH AND CASH EQUIVALENTS**

	<b>2023</b> <b>(QAR)</b>	<b>2022</b> <b>(QAR)</b>
Bank balances	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

**5 SHARE CAPITAL**

As per commercial registration number 51072, the Company issued share capital is QAR 200,000 and it fully paid as at 7<sup>th</sup> June 2011. The shareholders' have contributed to the share capital as follows:

<b>Name</b>	<b>Nationality</b>	<b>Share holding (%)</b>	<b>2023</b> <b>(QAR)</b>	<b>2022</b> <b>(QAR)</b>
Mr. Mohammed Nasser Masanad	Qatari	51%	102,000	102,000
M/s. Sonata Software Limited	India	41%	98,000	98,000
<b>Total</b>			<b>200,000</b>	<b>200,000</b>

**6 ACCOUNTS PAYABLES AND OTHER PAYABLES**

	<b>2023</b> <b>(QAR)</b>	<b>2022</b> <b>(QAR)</b>
Account payables	-	1,346,910
Accrued expenses	-	27,862
<b>Total</b>	<b>-</b>	<b>1,374,772</b>

The attached notes 1 to 10 form part of these financial statements.



SONATA SOFTWARE W.L.L. (Under Liquidation)  
 NOTES TO THE FINANCIAL STATEMENTS  
 AS AT 31 DECEMBER 2023

**7 GENERAL AND ADMINISTRATIVE EXPENSES**

	<b>2023</b>	2022
	<b>(QAR)</b>	<b>(QAR)</b>
Rent expenses	<b>48,057</b>	63,542
Professional fee	<b>34,377</b>	34,162
Rates and taxes expenses	<b>3,393</b>	43,565
Foreign exchange loss	<b>1,056</b>	-
Bank charges	-	1,551
Miscellaneous expenses	<b>470</b>	184
<b>Total</b>	<b>87,353</b>	143,004

**9. COMPARATIVE INFORMATION**

Some comparative figures have been reclassified to conform with the presentation for the current period. Such reclassifications have been made by the Company to improve the quality of information presented and did not have any impact on the previously reported equity and profits.

**10. ROUND OFF**

Figures presented in the Financials Statements have been rounded off to the nearest Qatari Riyal wherever it is appropriate.

**Form No. (3) Declaration**  
**Income Tax Return**

Name of the Taxpayer: **Sonata Software W.L.L**

Tax Identification No.: **5000713990**

Address: **Doha - Qatar**

Legal Form: **Limited Liability Company (CR No.51072)**

Nature of the Activity: **Designing and developing of computer software and IT consulting.**

Taxable Year: **31 December 2023**

*Enclosures:*

- a) Audited financial statements*
- b) Commercial registration*
- c) Tax card*
- d) Trade license*
- e) Article of association*
- f) Previous year tax filing acknowledgement*

Name of the Taxpayer: Sonata Software W.L.L  
Tax Identification No.: 5000713990  
Taxable Year: 31 December 2023

Summary - Description		Amount
A	Revenue	5,055
B	Expenses	87,353
C	<b>Net Accounting Revenue (A - B)</b>	<b>(82,298)</b>
D	Exempted Revenue	-
E	Deductions	-
F	Non-Deductible Cost	-
G	Adjustments	-
H	<b>Net Taxable Income / Loss</b>	<b>(82,298)</b>
I	Tax Due	-
J	Late Filing Penalty	-
K	Late Payment Penalty	-
L	Adjustment against Confirmed Refunds / Advance Payments	-
M	WHT Amount	-
<b>Total Tax Amount (I + J + K - L- M)</b>		-

*Hyperland*

Name of the Taxpayer: Sonata Software W.L.L

Tax Identification No.: 5000713990

Taxable Year: 31 December 2023

Second - Determination of taxable income:		Amount		
<b>1</b>	<b>Revenue</b>			<b>5,055</b>
1.1	Operating Revenue (Core Business Activities)		-	
1.2	Non-Operating Revenue (Non-Core Business Activities)		5,055	
	1.2.1 Rental Income		-	
	1.2.2 Interest Income		-	
	1.2.3 Royalties and Fees		-	
	1.2.4 Dividends		-	
	1.2.5 Commissions		-	
	1.2.6 Other Non-Operating Revenues <i>(details enclosed)</i>		5,055	
1.3	Gains (Disposal of Assets/Shares)		-	
	1.3.1 Shares & Other Financial Instruments <i>(details enclosed)</i>		-	
	1.3.2 Tangible Assets <i>(details enclosed)</i>		-	
	1.3.3 Intangible Assets <i>(details enclosed)</i>		-	
1.4	Off-shore Revenue		-	
	1.4.1 Passive Income		-	
	1.4.2 Active Income		-	
<b>2</b>	<b>Expenses</b>	<b>Amount</b>		<b>87,353</b>
2.1	Operating Expenses		-	
	2.1.1 Change in Inventories (Operating inventory - Closing inventory)		-	
	2.1.2 Purchases		-	
	2.1.2.1) Local Purchases		-	
	2.1.2.2) Foreign Purchases		-	
	2.1.3 Employee benefits expenses		-	
	2.1.4 Sub-contractors <i>(details enclosed)</i>		-	
	2.1.5 Depreciation and Amortisation Expenses		-	
	2.1.6 Provisions		-	
	2.1.7 Miscellaneous other operating expenses <i>(details enclosed)</i>		-	
2.2	Non-Operating Expenses (2.2 to 2.4)		87,353	
	2.2.1 Employee benefits expenses		-	
	2.2.2 Interests		-	
	2.2.2.1) Related Party Interest		-	
	2.2.2.1.1) Loans received from related parties		-	
	2.2.2.1.2) Interests related to loans received from related parties		-	
	2.2.2.2) Other Interests		-	
	2.2.3 Commissions		-	
	2.2.3.1) Commission Paid to Local Agents		-	
	2.2.3.2) Other Commission		-	
	2.2.4 Royalties		-	
	2.2.5 Technical & Management Fees		-	
	2.2.6 Maintenance and Reparation		-	
	2.2.7 Charitable Donations		-	
	2.2.8 Entertainment and Hospitality		-	
	2.2.9 Head Office Overheads		-	
	2.2.10 Bad Debts <i>(details enclosed)</i>		-	
	2.2.11 Other Non-Operating costs <i>(details enclosed)</i>		87,353	
2.3	Losses (Disposal of Assets/Shares)		-	
	2.3.1 Shares & Other Financial Instruments <i>(details enclosed)</i>		-	
	2.3.2 Tangible Assets <i>(details enclosed)</i>		-	
	2.3.3 Intangible Assets <i>(details enclosed)</i>		-	
2.4	Cost of related Offshore Revenue		-	

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Name of the Taxpayer: Sonata Software W.L.L

Tax Identification No.: 5000713990

Taxable Year: 31 December 2023

Second - Determination of taxable income:		Amount		
3	Exempted Revenue			-
3.1	Capital gains arising from evaluation of assets in case of in-kind contribution		-	
3.2	Benefits & proceeds of public debt securities and Islamic securities		-	
3.3	Non-Qatari Investors		-	
	3.3.1 Non-Qatari investors share in profits arising from trading of all securities	-		
	3.3.2 Non-Qatari investors profit share from investment funds enlisted in the stock market	-		
	3.3.3 Non-Qatari investors profit share from Companies enlisted in the stock market	-		
3.4	Dividends and other income from shares exempt		-	
	3.4.1 Taxed profit in accordance with the Income Tax Law No. 24 of 2018	-		
	3.4.2 Dividends distributed from companies which its profit is exempted from Income Tax	-		
3.5	Gross Income Exemption		-	
	3.5.1 Gross income from authorised activities of private organizations	-		
	3.5.2 Gross income from Handicraft activities	-		
	3.5.3 Gross income from agricultural and fishing activities	-		
	3.5.4 Gross income from non-Qatari air and sea transport	-		
	3.5.5 Gross income of resident Qatari natural person	-		
	3.5.6 Gross income of resident corporate wholly owned by Qatari persons	-		
3.6	Other Exemptions		-	
	3.6.1 Other income to which exemption applies (article 35 of Income Tax law) (details enclosed)	-		
	3.6.2 Other income to which exemption applies (article 36 of Income Tax law) (details enclosed)	-		
	3.6.3 Other exemptions granted as per previous Income Tax Law No. 21 of 2009	-		
Net income (Profit/Loss as per income statement after deduction of exempt income ((1) - (2) - (3)))				(82,298)
4.1	Non Deductible Costs (4.1 to 4.1.16)			-
	4.1.1 Costs related to Exempted Revenues		-	
	4.1.2 Amounts paid for breach of the State laws		-	
	4.1.3 Penalties & sanctions for breaching State laws		-	
	4.1.4 Expenses and losses related to refunded or refundable compensations if not included in gross revenue		-	
	4.1.5 Remunerations for board members (other than wages & salaries)		-	
	4.1.6 Salaries & wages paid to owner, spouse & sons, partners in partnership company and simple partnership company		-	
	4.1.7 Excess deducted Head Office Overheads		-	
	4.1.8 Other non-deductible expenses paid to Head Office or any of its Offices		-	
	4.1.10 Interests		-	
	4.1.10.1 Interest paid to Head Office	-		
	4.1.10.2 Interest paid to individual enterprise owner	-		
	4.1.10.3 Interest limit (details enclosed)	-		
	4.1.11 Taxes		-	
	4.1.11.1 Taxes payable outside the state	-		
	4.1.11.2 Taxes on behalf of non-resident	-		
	4.1.11.3 Income tax payable in the state	-		
	4.1.11.4 Deductible and refundable indirect taxes	-		
	4.1.12 Non-deductible Bad Debts		-	
	4.1.13 Non-deductible Provisions (details enclosed)		-	
	4.1.14 Non-deductible depreciation (details enclosed)		-	
	4.1.14.1 Accounting Depreciation	-		
	4.1.14.2 Allowable Depreciation	-		
	4.1.15 Commissions of foreign companies paid to local agents		-	
	4.1.16 Tax conditions provided in agreement related to petrochemical industries and petroleum operations (details enclosed)		-	

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Name of the Taxpayer: Sonata Software W.L.L  
Tax Identification No.: 5000713990  
Taxable Year: 31 December 2023

Second - Determination of taxable income:	<u>Amount</u>

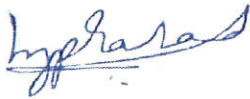
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Name of the Taxpayer: Sonata Software W.L.L

Tax Identification No.: 5000713990

Taxable Year: 31 December 2023

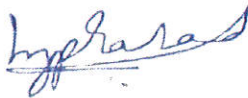
Second - Determination of taxable income:		Amount	
5	Adjustments		
5.1	Adjustment		-
5.1.1	Amounts charged by the PE to the Head Office of the Enterprise or to any of its Offices exempted by DTA	-	
5.1.2	Costs related to off shore Revenues	-	
5.1.3	Transfer pricing adjustments	-	
5.1.4	Others	-	
5.2	Adjustment (Deductions)		-
5.2.1	Recoverable provisions taxed in previous years	-	
5.2.2	Off shore revenue	-	
5.2.3	Others	-	
5.3	Additional Adjustments		
5.3.1	Net Income/Loss before Additional Adjustments		(82,298)
5.3.2	Entertainment and Hospitality (details enclosed)	-	-
5.3.3	Excess Deducted Donations (details enclosed)	-	
6	Taxable Income		(82,298)
6.1	Net Income (Loss)	(82,298)	
6.2	Carry Forward Losses (details enclosed)	143,072	
6.3	Net Taxable Income (Loss) ((6.1) - (6.2))	(225,370)	(225,370)
6.4	Qatari & GCC Ownership and Profit Sharing Percentage (details enclosed)	51%	
6.5	Deduction Amount of Qatari and Resident National GCC Country ((6.3) * (6.4))	(114,939)	
6.6	Net Taxable Income / Loss After Deduction of Qatari / GCC Nationals Resident in Qatar ((6.3) - (6.5))	(110,431)	
6.7	Tax Due ((6.6) * 10%)	-	-
6.8	Late Filing Penalty	-	
6.9	Late Payment Penalty	-	
6.10	Adjustment Against Confirmed Refunds / Advance Payment (details enclosed)	-	
6.11	WHT Amount		
Total amount due ((6.7) + (6.8) + (6.9) - (6.10) - (6.11))			-



**Section 2.2.11**  
**Other Non Operating Costs**

Name of the Taxpayer: Sonata Software W.L.L  
TIN: 5000713990  
Taxable Year: 31 December 2023

Particulars	Amount
Rent	48,057
Professional fee	34,377
Rates and taxes	3,393
Foreign exchange loss	1,056
Miscellaneous expenses	470
<b>Total</b>	<b>87,353</b>





# Section 6.4

## Qatari & GCC Ownership and Profit Sharing Percentage

Name of the Taxpayer: Sonata Software W.L.L  
TIN: 5000713990  
Taxable Year: 31 December 2023

Choose your method of calculation:

Pro-Rated/ Accounting Cost (Analytics) Method

Period From	Period To	GCC - Profit Sharing %	GCC - Ownership %	Qatari - Profit Sharing %	Qatari - Ownership %	Foreign - Profit Sharing %	Foreign - Ownership %	Net Taxable Income	Total Amount of Deduction
01/01/2023	31/12/2023	0%	0%	51%	51%	49%	49%	(225,370)	(114,939)
		0%	0%	51%	51%	49%	49%	(225,370)	(114,939)

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