

13<sup>th</sup> July, 2024

National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex, Mumbai  
Kind Attn: Manager, Listing Department  
Stock Code - SONATSOFTW

BSE Limited  
P.J. Towers, Dalal Street, Mumbai  
Kind Attn: Manager, Listing Department  
Stock Code - 532221

Dear Sirs/Madam,

**Sub: Submission of Annual Report for the Financial Year 2023-24 along with Notice of the 29<sup>th</sup> Annual General Meeting ('AGM') of Sonata Software Limited (the 'Company')**

This is in reference to the captioned subject and in continuation to our letter dated 13<sup>th</sup> July, 2024, wherein we had informed that the 29<sup>th</sup> AGM of the Company is scheduled to be held on Tuesday, 06<sup>th</sup> August, 2024 through Video Conferencing / Other Audio Visual Means.

In terms of Regulation 34(1)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose the Annual Report for the Financial Year 2023-24 along with the Notice of the 29<sup>th</sup> AGM of the Company.

The said Annual Report and Notice are also being circulated through electronic mode to the Members whose email IDs are registered with the Company/Depository Participants.

The said Annual Report and Notice are also available on the Company's website and can be accessed through the link: [CLICK HERE](#)

Kindly take the same on record.

Thanking you,

Yours sincerely,  
For **Sonata Software Limited**

**Mangal Kulkarni**  
**Company Secretary, Compliance Officer and Head Legal**

Encl: As Above

SONATA



SONATA SOFTWARE

# AGILE

AND ACCELERATING

Annual Report 2023-24

# Contents

1

## Meet The Leaders

- Chairman's Message 06
- CEO's Message 08
- Board of Directors 11
- Executive Leadership Team 12

2

## Cover Story

- Agile and Accelerating 15

3

## Sonata At A Glance

- About Sonata Software 26
- Global Footprint 27
- Life at Sonata 28
- Sustainability at Sonata 29
- Corporate Social Responsibility 33

4

## Human Capital

- Most Preferred Employer 38
- Attracting Talent 38
- Talent Development 39
- Talent Engagement 40
- HR IT Modernization 41

5

## Partner Universe

- Partnerships Driving Hypergrowth 42

6

## Client Speak

- Client Appreciations 44

7

## Year-In-Review

- Operational Highlights 47
- Financial Highlights 49

8

## Statutory Reports

- About this Report 54
- Corporate Information 56
- Management Discussion and Analysis 59
- Board's Report 92
- Corporate Governance Report 120
- Business Responsibility and Sustainability Reporting 144

9

## Annual Financial Report

- Standalone Financial Statements 185
- Consolidated Financial Statements 264
- Sonata Information Technology Limited 355

10

## Notice

- Notice of the 29<sup>th</sup> AGM 439

11

## Forward Looking Statements

457





# ACTION

Ownership and agility for actions,  
solutions and results for value creation



# MEET THE LEADERS



# Chairman's Message



## **Dear Shareholders,**

Reflecting on the past fiscal year, I feel immense pride in being part of Sonata, which believes in delivering outstanding value to its clients, employees, communities, and shareholders.

The world faces uncertainties, navigates uncharted waters, and encounters obstacles that test our resilience. Our focus on innovation and emerging technologies has always been a driving force in our strategy.

Sonata delivered a strong performance during the year. We gained market share and strengthened our offerings, increased global expansion through new centers, and made investments in AI. In the last twelve months, while Generative AI took the world by storm, we geared ourselves to lead this change with Sonata Harmoni.AI. Our 'Responsible-first' AI approach is gaining momentum, as the world braces for benefits and challenges from Generative AI. Our Responsible-first approach ensures uncompromising ethics, trust, privacy, security, and compliance.

At Sonata, our Sonatians are our greatest assets. Our recognition as the Most Preferred Workplace 2023-24 in the IT/ITeS segment is a testament to our people-focused and talent-conscious approach. We are committed to their growth and development, ensuring they remain relevant in the ever-evolving world of technology. Our initiatives, such as Sonata Spark and Tech-Fest, foster a culture of innovation and creativity, encouraging them to explore and share what they have learned.

Our commitment to the Environmental, Social, and Governance (ESG) charter remains unwavering. It is critical to our long-term success and building a sustainable future for our company and stakeholders. Our efforts in this area include reducing our carbon footprint, increasing diversity and inclusion, and improving our governance practices.

As the world becomes increasingly unpredictable, business leaders will look to technology to help them navigate the maze. With Modernization Engineering prowess, Sonata is well-positioned to enable desired business transformations for its clients and deliver value from technology-led innovations.

We remain optimistic about our growth and the future, and are conscious that we are responsible for making that future happen.

I take this opportunity to thank our stakeholders, clients, partners, and vendors for their continued belief in us. Your support has been instrumental in our success, and we remain committed to delivering outcomes that meet your changing needs in this ever-evolving world.

**Pradip P Shah**  
Chairman,  
Sonata Software Limited



# CEO's Message

"As the scale of Sonata's offerings grows through sustained investments, so does the impact of value-delivered to our clients, employees, and communities."

– Samir Dhir



## Dear Shareholders,

We live in exciting and uncertain times. The ensemble of AI, Modern workplace, Modern operations, persistent inflation, interest rates, geopolitics, cybersecurity, and growing and changing consumer demands make us oscillate from optimism to caution and back every day.

At Sonata, we have chosen to continue to be more resilient in the present while also securing our future growth.

In FY23, we started investing in Modernization Engineering, powered by our Lightning Suite and Platformation™ framework. This investment was our strategic response to address the unique duality in technology adoption in the market to optimize and innovate simultaneously.

In FY24, we continued to witness this duality, where clients demonstrated continued focus on innovating their digital storefronts to attract consumers and, at the same time, optimize other spending areas. During the year, we continued to gain market share from competition. We remained resilient and scaled the firm - to achieve revenue of USD 1.5B run rate eight to ten quarters from now with the intent to help our clients "Play Bigger". The year saw Sonata's revenue crossing USD 1B, and the Market Capitalization soared by ~160%, surpassing benchmarks like Nifty IT at ~25% and Nifty 50 at ~20%, reflecting the market's confidence in the company. Our revenue from Cloud and Data doubled, while our large deal pipeline grew threefold. The company's Top-10 Client list now boasts of Five Fortune 500 clients. We overperformed in our Quant and Encore acquisitions – demonstrating the efficiency of our capital allocation, and integration model. Additionally, we invested in two new big bets during the year – GenAI and Microsoft Fabric – to lead the market in the years to come. Sonata earned its stripes by becoming the proud Featured and Launch partner for Microsoft Fabric, a data analytics platform for the era of AI.

We created value for our global clients through our ability to accelerate business value and amplify human potential using AI technologies with Sonata's Harmoni.AI, our Responsible-first AI suite. Today, Sonata is steadily progressing towards a future where we don't just solve immediate business problems but continually innovate and architect for challenges that may emerge. We build it for ourselves first and then, deeply rooted in our own engineering experience, take it widely to our clients. We continue to implement Harmoni.AI within Sonata across all our functions.

Modernization and Agility remain our success mantra, with our commitment to delivering best-in-class service, we swiftly established centers in Mexico and Malaysia to meet the time-zone needs of our clients and are now ready to operate centers in Egypt and Poland as well. Our customers expect us to deliver modernization programs at scale with Agility, which requires our engineering teams to adapt, learn, unlearn, and learn quickly. We defined the Sonata Ways of Working, which defines the common operating expectations across Sonata. It encompasses five core tenets: Action, Growth, Integrity, Learning, and Empathy. Together, these five tenets reaffirm our commitment to be AGILE.

Our teams won Microsoft Inner Circle Membership for the third year in succession. We received the 2023 "Best Governed Company Listed Segment: Emerging Category" Award from the Institute of Company Secretaries of India (ICSI) for excellence in corporate governance. During the year, leading analyst firms featured Sonata for its cutting-edge offerings in GenAI, Cloud Modernization, Data Modernization, and Dynamics Modernization. Our teams received recognition from EcoVadis, the World's Most Trusted Business Sustainability Ratings. Sonata was recognized as the Most Preferred Workplace 2023-24 in the IT/ITeS segment and is a testament to our ongoing commitment to creating an employee-centric workplace.

Our client relevance has never been so compelling, our investment in employees is continuous and consistent, and our purpose is keen. We are ready to co-create a flexible future with our clients and our entire ecosystem that puts people first and benefits the broader society as it propels the business forward. Our future can be as bright as we imagine it to be. I remain proud of our company's resilience and what our employees worldwide have achieved, collectively and individually.

We are excited about the opportunities that lie ahead and look forward to continuing to enhance Sonata's value for all its stakeholders. My executive team and I will continue to work judiciously to accelerate our growth, build scale, and deliver on our vision to create Sonata as a Modernization Engineering powerhouse.

**Samir Dhir**  
Managing Director & Chief Executive Officer,  
Sonata Software Limited



# Board of Directors



From Left to Right

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



# Executive Leadership Team



**Samir Dhir**

Managing Director &  
Chief Executive Officer



**Jagannathan CN**

Chief Financial Officer



**Sujit Mohanty**

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



**Anthony Lange**

Chief Revenue Officer



**Rajsekhar Datta Roy**

Chief Technology Officer



**Suresh HP**

Chief Delivery Officer



**Srinivas Veeravelli**

Chief Executive Officer,  
Quant Systems Inc.



**Sharmila Sherikar**

SVP, Head - Corporate Development



**Balaji Kumar**

Chief Human Resource Officer



**Hemant Kumar Bhardwaj**

Chief Marketing Officer



**Muralee P. Bhaskar**

Chief Executive Officer,  
Encore Software Services Inc.

# COVER STORY



# Agile & Accelerating

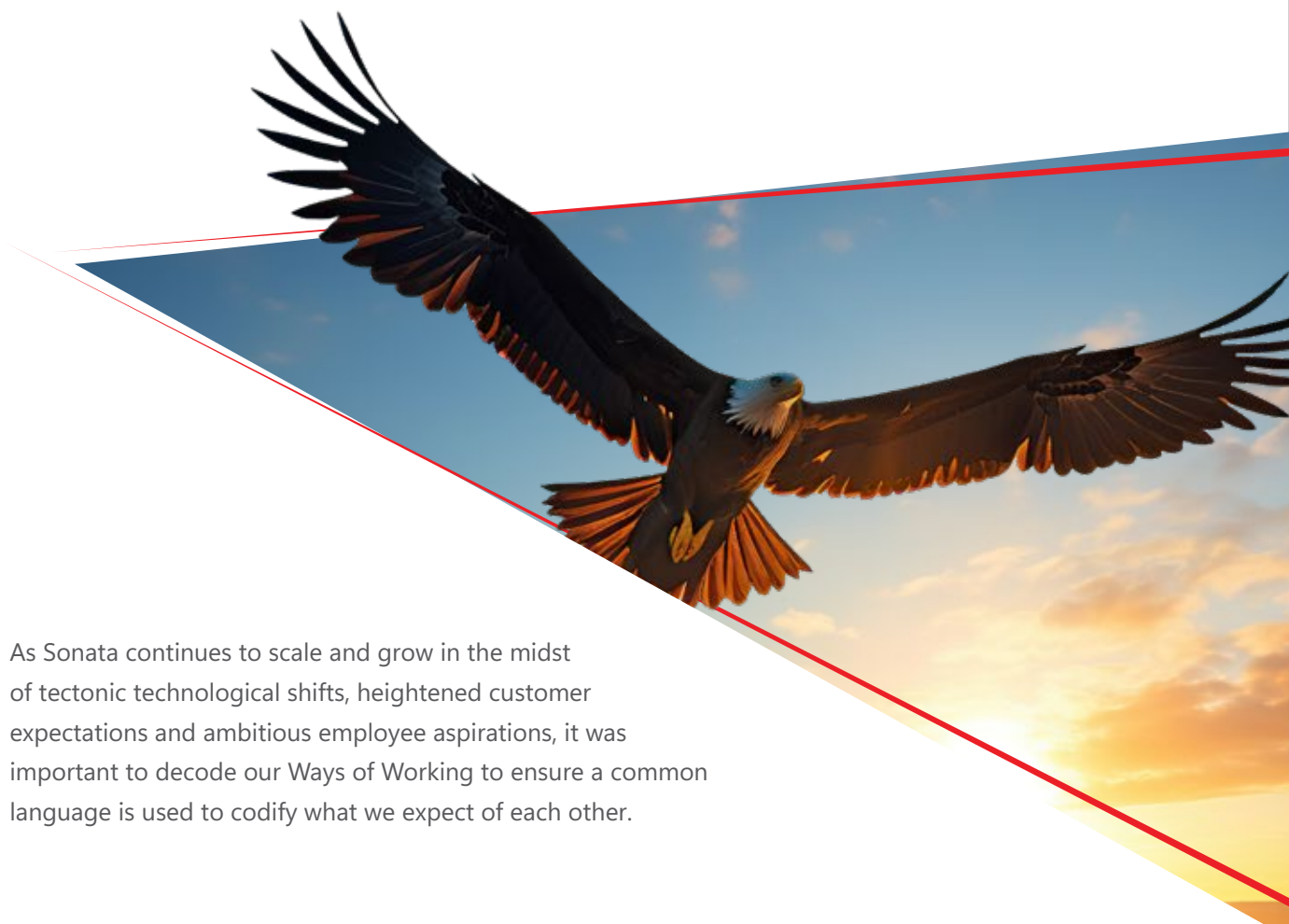
## AGILE & ACCELERATING

The business environment is changing at an unprecedented pace with technologies like GenAI disrupting the way business gets conducted. This will have an everlasting impact on our clients, our partners, and on Sonata. Our clients expect us to deliver with agility and commit to their success by creating value for them faster. This will require us to adapt to the emergent changes in the market, industry and technology paradigms and learn-unlearn-relearn with speed.

Besides, the market is experiencing a unique duality in technology adoption. On one side, extreme focus on cost containment by clients, and on the other, deep motivation to modernize their digital storefronts to attract more consumers and B2B customers. This duality presented a significant opportunity for Sonata based on the deep differentiation we have created in Modernization Engineering.

FY24 witnessed Sonata delivering one of the best industry's best Y-o-Y performance while the world, industry and our peer companies faced strong headwinds globally.

Agility and Modernization was our mantra for success.



As Sonata continues to scale and grow in the midst of tectonic technological shifts, heightened customer expectations and ambitious employee aspirations, it was important to decode our Ways of Working to ensure a common language is used to codify what we expect of each other.



A diverse group of current and emerging leaders deliberated and came up with five key tenets to be practiced at Sonata, called

# AGILE

## Sonata Ways of Working

### EMPATHY

Putting customers, teams and partners at the center of decision making

### ACTION

Ownership and agility for actions, solutions and results for value creation

### GROWTH

Thinking growth and scale for self, team and Sonata

### LEARNING

Continuously learning to innovate and improvise

### INTEGRITY

Building trust and credibility for self and Sonata

**AGILE aims to institutionalize the shared vision of deliverables and to cultivate a culture of mutual accountability and recognition within Sonata.**

# Accelerating with Modernization-driven Hypergrowth

## Modernization

### What we do

In today's rapidly changing world, clients are addressing triple mandates of Efficiencies, Agility/Growth and Future Readiness. Sonata is enabling clients 'Play Bigger' through Modernization. Our unique Modernization Engineering Approach can help firms create digital businesses, connected platforms & ecosystems while delivering measurable outcomes across Efficiency, Agility/Growth and Future-ready pivots.

### How we do it

**We help clients take a three-pivot approach to Modernization:**

**Pivot 1:** Value discovery by unlocking efficiencies through levers such as right-shoring, cost take-outs and effectiveness, spend optimization, productivity enhancements, etc.

**Pivot 2:** Re-invest savings from Pivot 1 to foster Agility and Growth. Prominent Modernization themes here include customer and employee experience Modernization, modern operations, Service Delivery Modernization.

**Pivot 3:** Co-create/Co-invest in a Responsible AI-first strategy that can create the future generative enterprise and ecosystem through AI-led continuous Modernization, Hyper Automation, amongst others.

### Why is it unique and differentiated

The Modernization value proposition is uniquely anchored through a design thinking-led Platformation.AI approach, from value assessment all the way till value delivery, measurement and governance. This is further differentiated through Sonata's platform IPs and assets (such as Sonata Harmoni.AI, Sonata IntellQA, Sonata Lightning.AI), industry aligned playbooks, value creation methods/frameworks and track record of at least 50+ Modernization customers. Finally, a three phase CCOE framework and delivery operating model will co-invest with the client, benchmark/measure and harvest value delivery to ensure continuous modernization.

### FY25 Goals

Our goal is to deliver ~180M of Modernization programs, targeting 25 to 30 customers globally in FY25. It is estimated to result in savings of approximately USD 5B (through Efficiencies) over the next three years for our target customers, and approximately USD 10B in top-line expansion (Agility and Growth). We believe this, coupled with partnering with our customers in their *AI-first* journey will make them future-ready.

One of the cornerstones of our Modernization strategy is to help Sonatians 'Play Bigger' while partnering in their customer's growth journey.

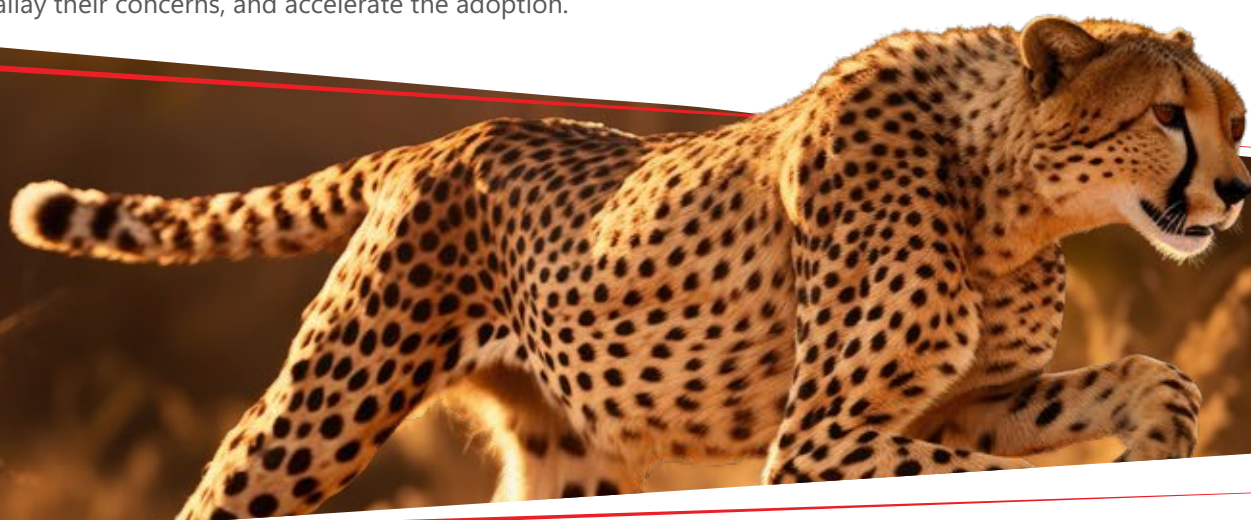
# Generative AI

While ChatGPT has taken the world by storm, there are questions around privacy, security, trusting the output and ROI for accelerating enterprise adoption.

Sonata, with its Responsible-first approach, is uniquely placed to help enterprises adopt Generative AI for sustained benefits. Our Responsible-first approach, offering and capability has been acknowledged by customers, partners and analysts. Microsoft has inducted Sonata into its AI Partner Council which is for a select few global partners. Sonata's services have been listed on Azure Marketplace after due validation by Microsoft. AWS included Sonata as a preview partner for AWS GenAI offering termed Bedrock.

HFS, an independent and Global Business Research Firm published HFS Horizons report consisting of 30 leading Generative AI IT services firms which featured Sonata as an Enterprise Innovator.

Sonata is adopting a 4-pronged approach to enable customers reap the benefits of this technology while addressing adoption barriers. This 4-pronged approach entails Sonata Harmoni.AI Enterprise Platform for implementing Responsible AI guardrails, Service Delivery Platforms for adopting Generative AI in its engineering services and over 30 horizontal & vertical assets for Modernization of enterprise internal operations and customer/partner/industry-specific operations. These assets have helped customers understand the technology, allay their concerns, and accelerate the adoption.



Over 100 client pursuits are underway with leading organizations of the world. Microsoft, a leader in Generative AI has been using Sonata for bringing in efficiencies to its engineering teams in addressing SW engineering issues, enhance customer experience as well as the foundational capability of Microsoft's Azure AI studio by tailoring several open-source models to function in an Azure environment and perform to benchmarks. Another leading pharmaceutical firm is working with us to improve customer experience on their ecommerce platform, implement responsible governance, enhance their test efficiency and compliance. We have enabled a leading travel player to implement LLMs using multiple deployment approaches such as self-hosted, cloud tenant-hosted, and API-based.

Underpinning this are the people skills that we have committed to build in this area. Our 2500 people trained on AI are bringing this capability to our customers in a steady and consistent manner. Our multilayered training program for this new technology is creating certified Full stack Gen AI engineers and architects on Microsoft, AWS and other cloud platforms.

We believe that customers will adopt Generative AI in a gradual manner where they experiment, construct, deploy and differentiate in the marketplace. Our service offering including an assessment framework helps customer benefit from the contextual services to derive the benefits of this technology.

## What we do

Sonata's Generative AI using Large Language Models is aimed at enabling the modernization journey of customers in the areas of Customer Experience enhancement and Employee Experience, Operations and Compliance and Engineering. This offering is applicable to all our industry verticals.

### **How we do it**

Our primary offering is to operationalize innovation by providing a Governed Model for Responsible AI usage. We offer this with our platform that enables a governed, safe and responsible AI usage in addition to a faster time to market leveraging pre-built bots and bot administration framework.

We are providing this with available models and tools from Azure OpenAI, OpenAI, Copilots on Dynamics and Power Platform. We are also evaluating other technologies such as Claude from Anthropic, Bard and AWS Bedrock so that customers can benefit from them.

Sonata's offering span across four broad areas:

- Sonata Harmoni.AI Consulting and GenAI-in-a-Box consulting framework for assisting customers in creating the journey map for Generative AI technologies.
- AI Architecture and Deployment services, enabled by Sonata Harmoni.AI Enterprise Platform.
- AI-led Deployment & Differentiate Services
  - AI-led function transformation: Finance, HR, Marketing and Legal, enabled by Sonata Harmoni.AI functional assets.
  - AI-led CX transformation enabled by Sonata Harmoni.AI vertical solution assets.
- AI-led IT Service Delivery enabled by Sonata Harmoni.AI.

## **Cloud Modernization**

### **What we do**

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

### **How we do it**

#### **Cloud Strategy and Consulting**

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

#### **Cloud Migration**

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

#### **Cloud-native Development**

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

#### **Cloud Optimization**

Cloud optimization is the final piece of the cloud puzzle. Our cloud optimization services help organizations optimize their cloud infrastructure, reduce costs, and improve performance. Our experts leverage cloud monitoring and management tools to gain insights into the cloud infrastructure and identify opportunities for optimization.

Our certified professionals bring a wealth of knowledge and skills to the table, enabling us to offer cutting-edge cloud solutions to our clients.



## Enabling access to Technology and Expertise by Leveraging Partnerships

We also have strong alliances with other major cloud providers like Microsoft, AWS, Salesforce, ServiceNow, and Google Cloud, which help us provide the right solution to our clients that aligns with their business needs. We are a Microsoft Cloud Partner with certifications in Azure infrastructure, digital and app innovation, business applications, data and AI, modern work, and security. These partnerships enable Sonata to provide its clients access to cutting-edge technologies and expertise, enabling them to seamlessly migrate to cloud-based solutions, transform their workplaces and business models, leverage data analytics for better decision-making, implement enhanced cybersecurity controls, and optimize their IT cost structures.

# Data Modernization

## What we do

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

## How we do it

### Data Strategy and Planning

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

### Data Migration

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

### Data Management and Analytics

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



# Dynamics Modernization

Sonata has 15+ years of experience in implementing MS Dynamics solutions, a proven history of delivery excellence on complex engagements and support relationships for global customers utilizing a global delivery model. Sonata has been engaged for 26+ years by Microsoft as its engineering partner.

Sonata Software is proud to be part of the Microsoft Inner Circle FY 2023/24, a feat that it has achieved for multiple years.

## What we do

Sonata has a comprehensive range of services – consulting, implementations, global rollouts, enhancements and managed services – that it offers to its customers in the areas of ERP (Finance, Supply Chain, Commerce, Human Resources, Project operations), CRM (Sales, Service, Marketing) and Power Platform.

In order to bring value to Sonata's customers, Sonata has put together a unique AI-led Service Delivery Model which helps reduce effort by 20-30% by the utilization of AI towards the different aspects of the Software Development Lifecycle. This model in conjunction with Sonata's Gen AI framework, Harmoni.AI helps offer various "Responsible-first" tools- requirement gathering & design documentation, Code Assist to generate X++ and C# code, Code Migration Tool to migrate from unsupported versions of AX to Dynamics 365, Automated Test case generation and testing in addition to using Microsoft's proprietary Co-Pilot functionality.

## How we do it

Sonata's focus for business growth is around expansion of business with existing customers and also get new logo customers. The Dynamics offering is revolving around -

- Legacy Migration (on-prem Dynamics Axapta, NAV, Great Plains and Dynamics CRM) to the latest modern cloud based Dynamics 365 platform.
- Compete Migration - Movement from other ERP applications (JD Edwards, Oracle EBS, SAP ECC), CRM applications (Salesforce, Seibel) and Robotic Process Automation (UI Path, Blue Prism, Automation Anywhere) to Dynamics Business Applications platform.
- Continuous Modernization - Improve the investment and utilization of the Dynamics investment through delivery of business value and ensuring the system is evergreen.



# Application Modernization

## What we do

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

## How we do it

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

## The impact we deliver

"Sonata as an ISV delivery and services partner has helped our company in evolving our solution from private cloud to Microsoft Azure and Dynamics 365 based platform. Their competency teams have helped collaborate and inform us on our design, strategy and approach to servicing our customers who are required to manage confidentiality, integrity and availability at all times."

– A leading Legal Software Company, based in UK





# Data Privacy

## What we do

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

## How we do it

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



## Emerging Tech COE: Empowering Clients to be at the Forefront of Innovation

As technology continues to disrupt industries and revolutionize the way we do business, our emerging technology COE is providing clients with the tools and expertise needed to navigate this exciting new frontier. With a focus on emerging areas such as Open AI, we empower businesses to take advantage of cutting-edge technologies and stay at the forefront of innovation. Our ChatGPT resources provide businesses across industries with value-added services, including product/service discovery, personalized recommendations, improved service availability, and loyalty-focused offerings. By utilizing our solutions, businesses can enhance customer engagement and satisfaction, drive sales, and foster long-term growth.

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





# LEARNING

Continuously learning to innovate and improvise





# SONATA AT A GLANCE



# About Sonata Software

In today's market, we are witnessing a distinct dual focus on technology adoption among clients. On one hand, there is a strong emphasis on cost containment, while on the other hand, there is a drive to modernize digital storefronts to cater to both consumers and B2B customers.

As a leading Modernization Engineering company, our primary goal is to deliver hypergrowth for our clients through Modernization-driven strategies. We have achieved deep differentiation in Modernization Engineering, powered by our Lightning suite and 16-step Platformation™ playbook. In addition, we bring agility and systems thinking to accelerate time to market for our clients.

Headquartered in Bengaluru, India, Sonata Software has established a strong global presence.

We operate strategically across key regions such as the US, UK, Europe, ANZ and APAC. We are a trusted partner of world-leading companies including RMD (Retail, Manufacturing and Distribution), TMT (Technology, Media and Telecom), BFSI (Banking, Financial Services and Insurance), and HLS (Healthcare and Life Sciences).

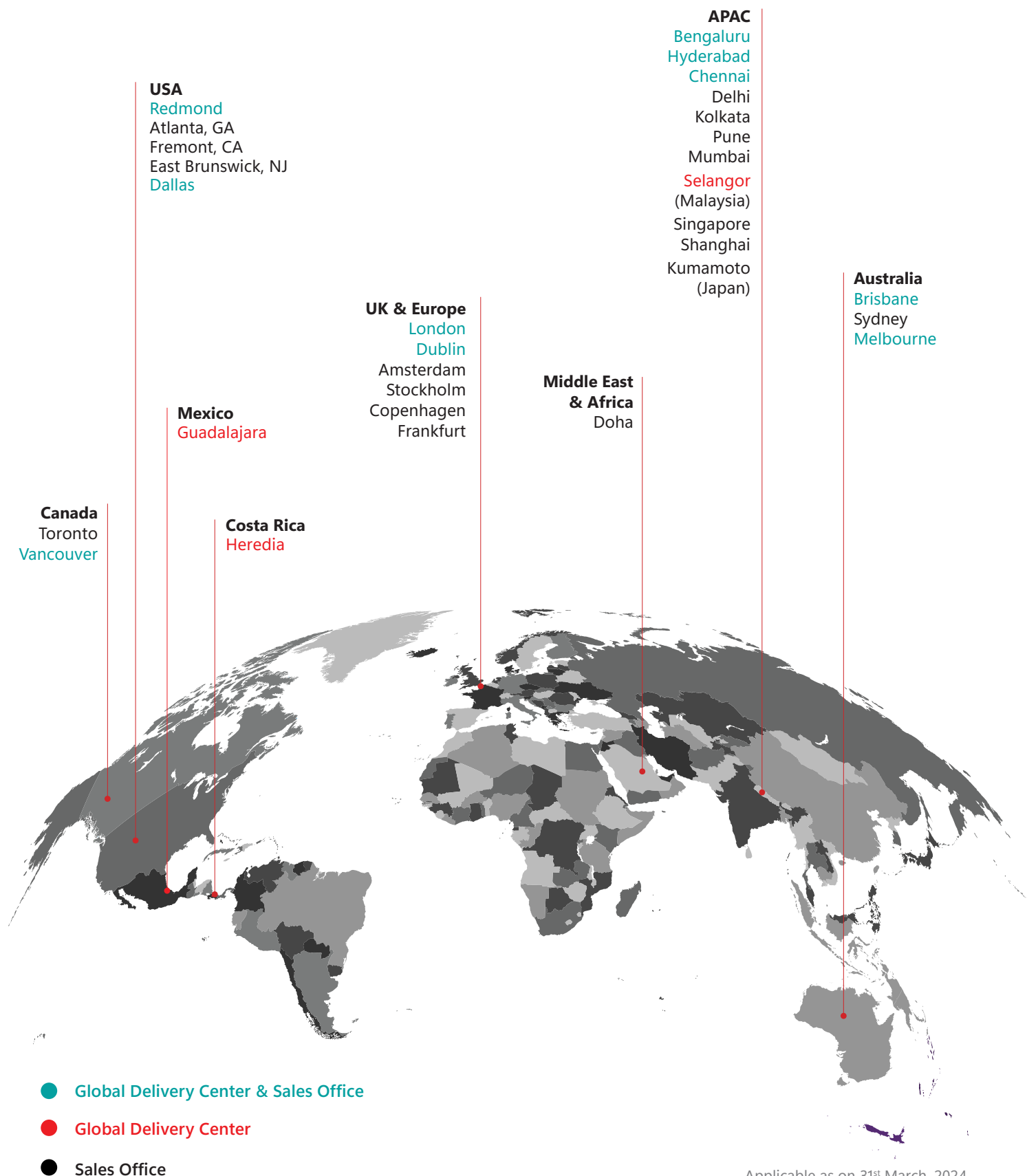
Our bouquet of Modernization Engineering services encompasses a wide range of areas including cloud, data, dynamics, contact centers, and other emerging technologies like Generative AI, Microsoft Fabric, and other Modernization platforms.

By leveraging these services, we enable our clients to stay at the forefront of technological advancements and drive their digital transformation.



# Global Footprint

Serving our global clients with the right mix of global and local talent



Applicable as on 31<sup>st</sup> March, 2024.



# Life at Sonata





# Sustainability at Sonata



## SUSTAINABILITY VISION

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

## SUSTAINABILITY OBJECTIVE

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

# Our Material Topics

**Governance**

**Social**

**Environment**

## High

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

## Medium

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

## Low

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

### Electricity Consumption

- 3688.8 MWh
- 39% reduction from baseline year 2019-20

### Emissions

- 4667 tCO<sub>2</sub>e
- 54% reduction from baseline year 2019-20

### Water

- 7836 kiloliters
- 34% recycled

### Renewable Energy

- 52% of total electricity consumption

### Resource Efficiency

- Eliminating the use of single-use plastic
- Efficient washroom water management system
- Operational optimization of engineering equipment
- Routine maintenance on UPS and AC plants

Please refer BRSR Report for more information on our Sustainability disclosures

### Sustainable Procurement

- Supplier sustainability training and engagement is conducted every quarter to make our tier 1 supplier aware of ESG and Sonata's sustainability expectation
- Supplier ESG Due Diligence: ESG is a part of our Supplier Code of Conduct Policy which is signed by the suppliers
- Sustainability assessment is conducted for tier 1 supplier

### EHS (Environment, Health and Safety)

Committed to ensure healthy and safe environment for our employees

- Health and safety awareness to employees
- Incident management, investigation, reporting and corrective action
- EHS risk identification and assessment
- EHS compliance
- Waste management impact

# Employee Engagement

Event	Type	Attendees	Outcome
ESG Essential Training Module	Training	3758	Increased understanding of ESG principles and their importance in business operations.
Training on First Aid	Training	44	Improved knowledge and skills in providing immediate medical assistance in emergencies, potentially reducing the severity of injuries and saving lives.
ESG Quiz Competition	Online Quiz	1563	Enhanced awareness of ESG-related topics and principles through an engaging and interactive quiz format.
Climate Risk Assessment Workshop	Training	13	Increased ability to identify and assess climate-related risks to the organization, leading to better risk management strategies and adaptation measures.
Environment Day Visit	Awareness Activity	36	Exposure to environmental conservation practices and initiatives fosters a deeper appreciation for environmental stewardship.
Environment Day Quiz	Online Quiz	668	Reinforcement of knowledge about environmental issues and solutions, promoting active engagement in sustainable practices.
Environment Day Kids Painting Competition	Competition	55	Encouragement of creativity and environmental awareness among children, fostering a sense of responsibility towards protecting the environment.
Training: CII SUPF (Single-use Plastic Free)	Training	18	Understanding of the detrimental effects of single-use plastics and strategies for reducing their usage, contributing to a more sustainable environment.
Training on Basic Office Safety	Training	48	Improved awareness of potential hazards in the workplace and knowledge of safety protocols, promoting a safer work environment and reducing the risk of accidents.
ESG Awareness Sessions	Training	500+	Heightened understanding of the broader implications of ESG factors on business sustainability and stakeholder value, fostering a culture of responsible corporate behavior.



Sonata Software is an UNGC signatory.



Sonata Software has become a signatory to the United Nations Global Compact (UNGC). This action reflects our firm belief in upholding the principles of human rights, labor standards, environmental stewardship, and anti-corruption efforts outlined by the UNGC. By aligning ourselves with this global initiative, we are reaffirming our pledge to conduct business ethically and responsibly, striving to make a positive impact on society and the environment. Our participation in the UNGC signifies our dedication to integrating these principles into our operations and working collaboratively towards a more sustainable and inclusive future.

### Single-use Plastic-free Certification



The Confederation of Indian Industry-ITC Centre of Excellence for Sustainable Development (CII-ITC CESD) has certified Sonata Software as 'Single-use Plastic Free' (SuPF), marking a significant milestone in our commitment to sustainability.

Single-use plastics pose a significant threat to our planet, contributing to pollution and harming the ecosystem. By eliminating single-use plastics from our operations, we are taking a stand against this global issue and demonstrating our dedication to creating a cleaner, healthier environment. The SuPF Certification is in alignment with the United Nations Sustainable Development Goal 12, which emphasizes on responsible consumption and production.

### Ratings and Awards

---



Bronze Medal from EcoVadis ESG Rating FY23 showcasing our performance in ESG policies, measures, impact and disclosures

---



Received B rating which represents Sonata is amongst 27% of companies that reached the management level

---



Sonata has participated in S&P global CSA and received an ESG score of 54

---



Sonata Software has become a signatory to the United Nations Global Compact (UNGC)

---



Sonata received Certificate of Appreciation by ICSI Business Responsibility and Sustainability Awards, 2023

---



Runner-up for Outstanding Demonstration of our Sustainability by INFHRA Awards 2023 – Sustainability

---



'Single-use Plastic Free' (SuPF) Certification

---

For the latest information about sustainability at Sonata Software, please visit <https://www.sonata-software.com/about-us/sustainability>

# Corporate Social Responsibility (CSR)

## CSR Vision

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

### Sonata's CSR Projects Social Impact Assessment

Sonata Software underwent 3<sup>rd</sup> party social impact assessment of our CSR projects

1. Agastya International Foundation
2. Industree
3. ISDM

Based on third party assessment, Sonata has been awarded Platinum category based on Governance and impact of the projects.

The Platinum Category of the CSR Project performance demonstrates:

- Sustainability Commitment
- Leadership Visionary on Social Responsibility
- Stakeholder Partnership and Multi-organizational Alliance Activity

## Key Projects

### CENTUM FOUNDATION

**Promotion of diversity and inclusion by providing IT skills training to diverse students.**

#### Impact

- 500 beneficiaries which include women, especially abled and others.
- Skill development and technological education of underserved and underprivileged youth to increase their employability.
- Promote diversity and inclusion in IT sector.

#### SDG Alignment



## WOTR

### Water conservation by Watershed Management

#### Impact

- 74.24 million liters of additional water harvesting potential is created.
- More than 65 hectares irrigation potential created benefitting 450 beneficiaries.
- Increased annual income of rural poor communities through improved agricultural productivity with available water. The crop production is increased by 10% due to water availability.

#### SDG Alignment



## Farmers for Forest

### Plantation of 5000 trees in Nrityagram

#### Impact

- Sequestration of 3000 tonnes of carbon dioxide over a 20-year period or nearly 150 tonnes of carbon dioxide per year.
- 200% increase of biodiversity in the area in addition to the inclusion of tree and shrub species classified as vulnerable, near threatened, endangered or critically endangered.

#### SDG Alignment



## Agastya International Foundation

### Technical assistance for the development of the educational platform, Welearn App

#### Impact

- Practical education to rural school students.
- 10,000+ downloads of the app.
- 52,000+ beneficiaries.

#### SDG Alignment



## Industree Crafts Foundation

### Developing an online repository for artisans to store designs and products

#### Impact

- Preservation of local art form and culture: By providing a centralized platform to store designs and products for artisans, this initiative can help in documenting and preserving traditional art forms.
- Empowerment of artisans: The Co-Create app makes it easier for artisans to enroll themselves and showcase their products to a wider audience and provide greater economic opportunities for artisans.
- 2000+ beneficiaries.

#### SDG Alignment





# Diversity and Inclusion through CSR

SDG Alignment



- 66 hearing-impaired children will have access to an all-round education.
- Livelihood support to LGBTQ+ community. 2000+ people can use this facility for their health.
- 80% of the beneficiaries of our CSR program with Centum Foundation and NIIT Foundation are women and especially abled. This program provides skill development and technological education to underserved and underprivileged youth to increase their employability.
- Inclusion of women in society through various programs and campaigns through the Visible & Invisible Program of MAP (Museum of Art and Photography).
- Foster technical talent from disadvantaged economic backgrounds: 38+ female students till date since last 6 years have been awarded with the Sonata scholarship to fulfill studies in Computer Science/ Information Systems and the Electronics & Communication streams.
- Para-athletes are being trained for Paralympics with the support of Sonata.

# Environmental CSR initiatives

SDG Alignment



- 5000 trees plantation: Sequestration of 3000 tonnes of carbon dioxide over a 20-year period or nearly 150 tonnes of carbon dioxide per year.
- Protection of sloth bears in Bannerghatta Bengaluru with Wildlife SOS.
- Water conservation through water harvesting structures to improve water storage capacity, improving the productive capacity of the local ecosystems by implementing rainwater harvesting measures. This leads to increased annual income of rural poor community through improved agricultural productivity with available water.







# INTEGRITY

Building trust and credibility for self and Sonata



# HUMAN CAPITAL





# Most Preferred Employer

FY24 assumes significance for our company for being recognized as the Most Preferred Workplace (IT/ITES) 2023-2024. This was awarded by Team Marksmen in partnership with LeadCap Ventures and India Today Group after a thorough research and ranking of ~200 companies.

The survey was conducted by an independent external agency viz. LeadCap in which current and past employees of our company were asked to rate companies on 5 parameters - Employee Engagement, Family Friendly Policies, Professional Development, Workplace Flexibility, and Employee Assistance Programs.

This recognition is a testimony to the continuing commitment of our management towards creating a people-centric workplace.



## Attracting Talent

Our company continued to invest in attracting and onboarding quality talent to support the growth ambitions. Overall, 7 senior leaders in VP and above grade were onboarded in FY24 across functions and geographies. This has significantly added to the leadership bench strength of our company.

During the fiscal year, our company had a net addition of ~200 talent, while the industry was facing growth pangs.

We continued to focus on building a diverse talent pipeline by onboarding more than 30% of the talent acquired being gender/ethnically diverse.

A hallmark of the talent acquisition efforts has been our ability to establish our talent acquisition footprint in new geographies such as Malaysia, Egypt and Mexico, to name a few.

All this was possible in the face of continued efficiencies including a higher internal sourcing ratio, better fulfilment rate and improvement in offer-to-joining ratio.

# Talent Development

Recognizing the importance of continuous learning and upskilling of talent in today's context, our company launched Sonata University in partnership with some of the best content and platform partners making available world-class learning programs of high quality. These have been combined with internally curated programs to form different Academies for specific business requirements and talent needs. 20 tech academies aligned with industry-relevant competencies were created on Sonata University. These learning journeys cater to role specific skills and certification requirements of our people for both existing and emerging digital technologies like AI, Data, Cloud, Microsoft Fabric. Sonata's case study on these digital skilling initiatives has been shortlisted for NASSCOM compendium.

**On an average, our company invested ~7 days per employee during the fiscal year.**

Our signature Unified Engineering Programs (UEPs) continue to train, assess and certify technology professionals who help customers with their Modernization programs. The digital Full-stack Unified Engineering Programme (UEP 2.0) with more than 1280 modules was launched in Q3 with specific focus on AI and GenAI. More than 95% of eligible employees are currently pursuing these journeys.

In addition, our engineers continue to get certified through gold standard certifications. More than 25% of employees have gained external certifications, in the areas of cloud, digital assurance, Salesforce, power platform, data engineering, Dynamics and other technologies.

**With the objective of making Sonata a GenAI company, GenAI certifications were launched and a substantial number of Sonatians are level-1 certified and are well on their path towards Level-2 and Level-3 certifications. In addition, GenAI is now made an integral part of all UEPs and learning journeys/skill taxonomies.**

Our Top Talent Development program called A.I.M. Higher Program was inaugurated during the fiscal year with a formal program to Attract, Inspire and Modernize talent to develop them into well-rounded management professionals who can take up higher roles. Similarly, the Engagement Leadership Program (ELP) has been designed and implemented to identify and groom top talent for key business roles.

Five academies for professional skills including managerial and leadership were created with curated learning journeys added to meet the critical soft/behavioral skill requirements of team members.

It is a matter of great pride that as per the latest report submitted by Skillssoft, our company ranks higher than its peer companies on almost all parameters. Our registered learner participation rate is three times that of our peers; average badges per learner is twice that of our peers; certification programs accessed by learners is twice that of our peers to name a few.

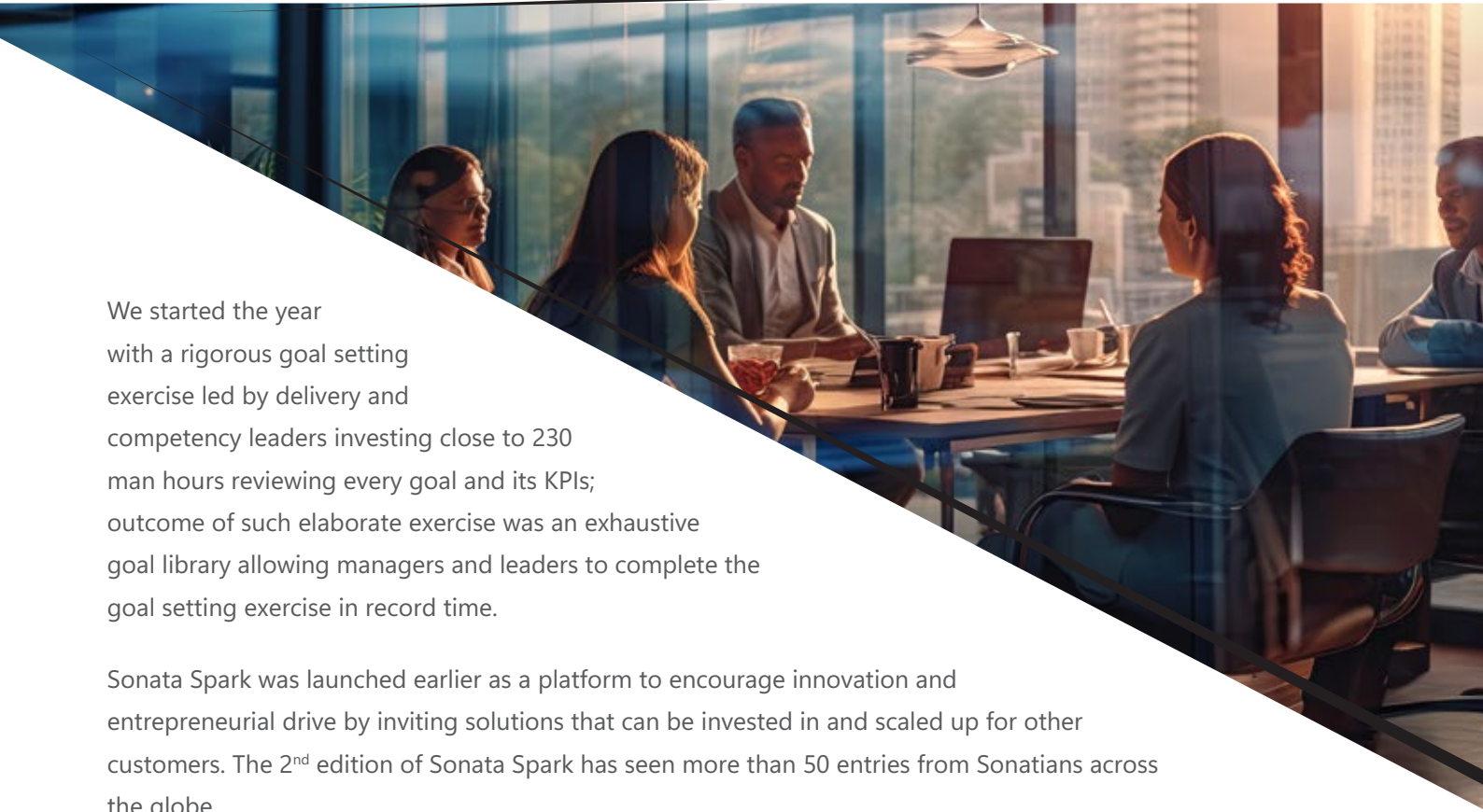
# Talent Engagement

We implemented the Return-to-Work program which saw a very significantly large percentage of our people returning to office, mostly in a hybrid mode. This gave an impetus to increase in-person interactions, camaraderie, teamwork and belongingness.

In addition to the ongoing programs and practices aimed at attracting and retaining an engaged workforce, more than 15 policies have been revised/introduced during the course of the year.

We have consistently achieved >90% satisfaction on Sonata Experience Management which is a unique platform and practice built on continuous listening to improve employee experience.

PACE (Performance And Career Enablement) ensured timely goal-setting for our team members in line with organizational objectives thereby fostering not only clarity on what is expected but also provide a sense of purpose. The goal setting was near 100%.



We started the year with a rigorous goal setting exercise led by delivery and competency leaders investing close to 230 man hours reviewing every goal and its KPIs; outcome of such elaborate exercise was an exhaustive goal library allowing managers and leaders to complete the goal setting exercise in record time.

Sonata Spark was launched earlier as a platform to encourage innovation and entrepreneurial drive by inviting solutions that can be invested in and scaled up for other customers. The 2<sup>nd</sup> edition of Sonata Spark has seen more than 50 entries from Sonatians across the globe.

Global New Orientation (GNEO) was launched to ensure a robust and meaningful induction for new joiners. This program, spread over 90 days, provides a thorough overview of the company, the businesses, technologies, specific accounts and projects. It also connects new joiners with key stakeholders. This ensures that team members contribute early on and experience a sense of belongingness.



# HR IT Modernization

**FY24 saw significant movement towards IT Modernization of the HR function.**

As Sonata leads Modernization for its customers, we recognized the significance of integrating technology like GenAI into our HR function too. In line with this, we launched our first GenAI chatbot powered by our own Harmoni.AI to provide employees with assistance and support concerning HR policies. It ensures 24/7 availability, delivers instant responses, with a user-friendly interface, and currently operates at a >90% accuracy.

We also automated the compliance and governance tracking on a real-time basis, thereby significantly enhancing our ability to track audit actions and monitoring recurring ongoing governance tasks, ensuring greater efficiency, accuracy, and compliance through centralized tracking, automated alerts with workflow and report.

We launched the employee service platform that allows Sonatians to raise tickets for tasks and queries and track them.

## AGILE: Sonata Ways of Working

As Sonata continues to scale and grow in the midst of tectonic technological shifts, heightened customer expectations and ambitious employee aspirations, it was important to define our Ways of Working to ensure a common language is used to codify what we expect of each other. A diverse group of current and emerging leaders were entrusted with this task and after deliberations they came up with five key tenets to be practised at Sonata.

**The 5 key tenets are together referred to as AGILE and it stands for:**

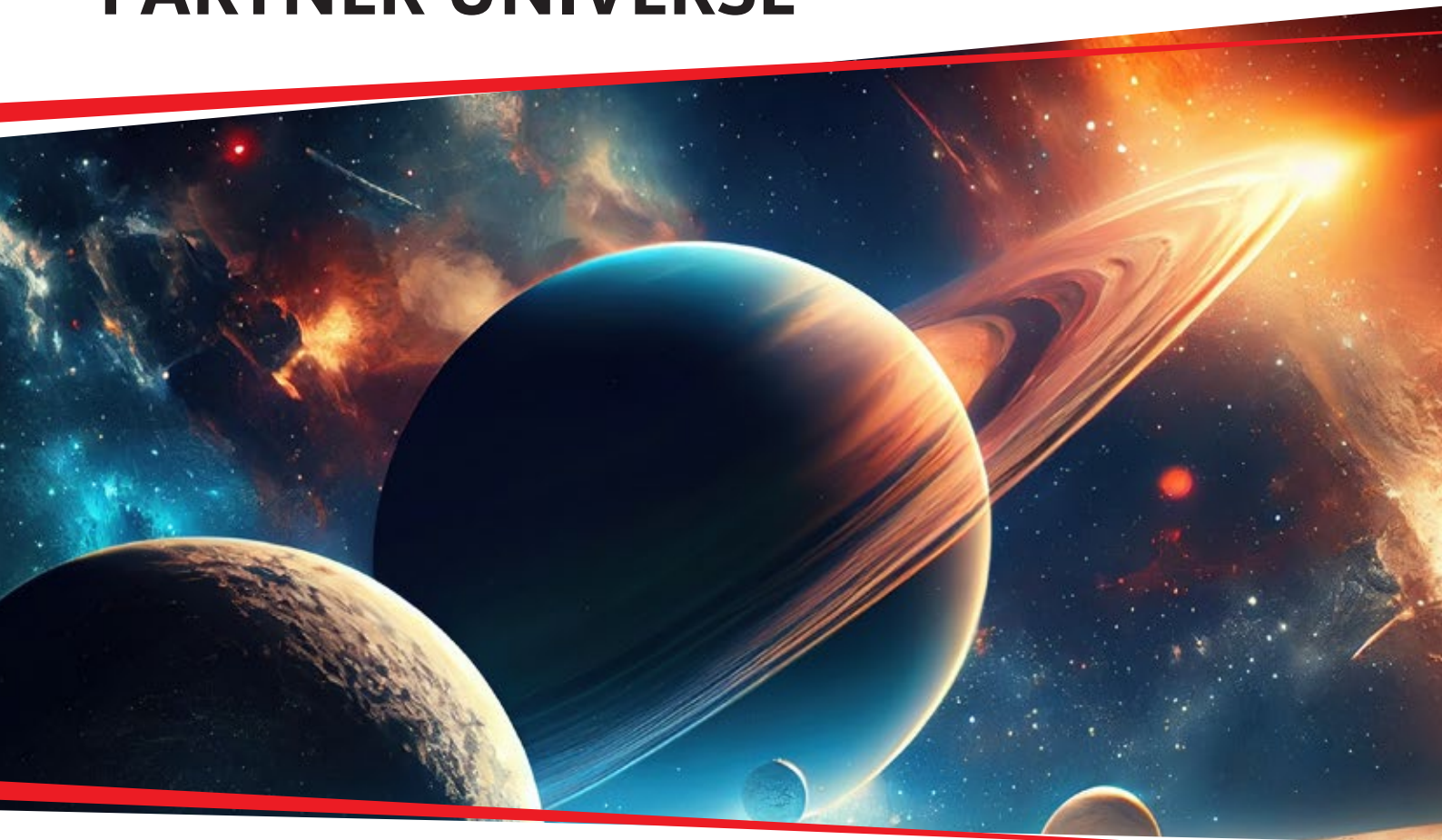
- **Action:** Ownership and agility for actions, solutions and results for value creation
- **Growth:** Thinking growth and scale for self, team and Sonata
- **Integrity:** Building trust and credibility for self and Sonata
- **Learning:** Continuously learning to innovate and improvise
- **Empathy:** Putting customers, teams and partners at the center of decision making

AGILE aims to institutionalize the shared vision of deliverables and to cultivate a culture of mutual accountability and recognition within Sonata.

Our People First approach continues to be the foundation on which our programs and practices are built and operate. Our commitment to provide opportunities for growth remains unflinching as Sonata continues to scale globally.



# PARTNER UNIVERSE



## Partnerships Driving Hypergrowth

In the pursuit of our mission to drive industry-leading growth and deliver exceptional services, we recognize the growing importance of partnerships in driving business growth and expanding high-growth services, particularly in Sonata's HLS and BFSI verticals.

Strategic partnerships have played a pivotal role in shaping Sonata Software's revenue pool, accounting for more than 50% of their total pipeline, which is twice the amount compared to the previous year.

Sonata boasts of 30+ years of relationship with Microsoft and is proud member of Microsoft Inner Circle for being among the top 1% of Microsoft Partners. We remain invested and committed to our other select partners as well with an aim to achieve similar recognition.

We will continue to form strategic partnerships with key industry hyperscalers such as AWS, SFDC, and Snowflake, enabling us to secure high-quality clients and large-scale deals. Also, we plan to expand our partner landscape by onboarding 50 or more partners across a diverse range of large Independent Software Vendors (ISVs), platforms, and startups. This broadened network will enable us to leverage the expertise, joint GTM strategies, and access to specialized talent offered by our partners. Our top priorities include building joint IP and solutions and securing access to domain expertise and local market talent.

In line with Sonata's commitment to innovation, the company is actively engaged in joint innovation initiatives with some of our key partners. Together, we will explore and develop next-generation competencies such as Generative AI, Cybersecurity, and Mainframe Migration. This collaborative approach will foster the creation of intellectual property (IP) and fuel our growth in these cutting-edge technologies.



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

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

As a Talent-focused organization, Sonata recognizes the importance of developing and nurturing a partner ecosystem that provides access to high-quality talent pools. To drive this initiative, Sonata has streamlined its partner network to identify select partners who are regularly provided with a clear line of sight to their current and future talent requirements. This strategic approach helps select partners to develop the necessary readiness and preparedness of their talent pools, ensuring a higher percentage of successful placements with Sonata.

Campuses and universities are another core segment in our talent partner ecosystem. We streamlined campus partner network to identify colleges and universities that have not only provided a steady supply of talent in the past but also keep pace with industry changes. We have identified the top 15 colleges, both within and outside India, with the intention of deepening our relationship with them for mutually beneficial synergies.

From a capability building perspective, Sonata Software not only relies on our business partners for certifications but have also established a network of partners who understand our requirements well and can provide tailored capability-building solutions for both freshers and laterals.

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





# CLIENT SPEAK



“

Wow what a great week, what a great team. We are now officially live on MS D365 and I just wanted to express our appreciation for getting us over the hump. No doubt our organization is a little complicated but with the help and support of the Sonata team we were able to discover a little more about the real logic that runs the organizational process as well as recreate or re-purpose to a new way of doing things using the new tools that Microsoft brings to the table.

From the very beginning during our RFP process and selection of Sonata as a partner we felt this is the team that we can really trust to deliver new technology to the organization and they have delivered. So thanks for all the hard work and extra hours given to get us there.

”

**Chief Information Officer**

A leading Food Service Company based in US

“

Let me take this opportunity to thank Team Sonata for an almost flawless execution of Domain Change related changes.

Bulk of changes were in Infra, BSS and OSS domain and Team has demonstrated good commitment and professionalism to carry out changes of this magnitude without any major slippage. Keep doing the good work!!

It was team effort and we have received excellent support from you individually and domain teams throughout from assessment to execution. I am sure you would want to highlight standout performance in your areas as well.

”

**Senior Director**

A Global Network Service Company based in UK

““

When the Sonata team arrived In January, I was skeptical about how well they could integrate with the EA team. They struggled to find accommodation on arrival, on top of adjusting to a new way of life in a foreign country. 6 months on, you are proving us all wrong. You persevered and worked hard to learn the systems and adopt our way of working. You are very much part of the EA team. Thank you for turning up to work with a big smile and a great attitude.

””

**Executive Manager – Enterprise Applications**  
A Global Trading and Logistics Company  
based in Australia

““

An excellent service provided by Waris and the team - professional, knowledgeable and responsive. Able to adapt to scope changes and additional requests. A good ability to understand the needs of the organization. It was especially helpful to have Waris and Sai in the UK for periods of time as this significantly improved communications and overall project success.

””

**Associate Director**  
A Global Cybersecurity Company based in UK

““

Sonata is a reliable partner. The relationship is based on mutual trust, and we have a joint plan to improve even more the way we cooperate and reach operational excellence in FY 2024.

””

**Global Program Manager - ERP**  
A Global Belting Solutions Company based in Europe





# YEAR-IN-REVIEW



# Operational Highlights



Our leadership team had diligently crafted a comprehensive framework comprising Objectives, Goals, Strategies, and Measures (OGSM) with the aim of achieving a revenue of USD 1.5B – generating USD 1B from our operations in India and USD 0.5B from our international ventures. During the current year we have continued to make significant progress towards the target. Throughout this transformative journey, we remain committed to embracing a "Playing Bigger" mentality as we aspire to become leaders in Modernization and fostering exceptional workplace environments. Our goal is to transform ourselves as leaders, solidifying our reputation as industry innovators by the end of FY26.

Our company had implemented significant organizational transformation initiatives including the adoption of a 2-in-a-box structure, a work-home-university model, and they have continued to work very well and continue to help the team focus on our goal. Additionally, our focus across geos and verticalization across the USA into BFSI, HLS, RMD and TMT has worked very well for us.

As part of our strategic expansion plans in key markets, our company has successfully established delivery centers in Mexico and Malaysia and is ready to start operations in Poland and Egypt as well. These nearshore centers will support the growing demands for business transformation, modernization, and cost optimization initiatives for our global clients.

Our efforts have been recognized with the Microsoft Business Applications 2022/2023 Inner Circle Award. We have also achieved the Microsoft Cloud Solution Partner status by attaining all six New Microsoft Solutions Partner Designations. Moreover, our teams have secured several large deals worth millions during the course of FY24.

We are also honored to have been adjudged with the "Best Governed Company Listed Segment: Emerging Category" 2023 Award by the Institute of Company Secretaries of India (ICSI) for Excellence in Corporate Governance.

Our One-Sonata Program, a transformative initiative, aimed at synergizing the capabilities and offerings of our international, domestic, GBW, and Encore teams under a unified GTM approach has been a success. We have successfully integrated our acquired entities such as Encore, Scalable, GBW, and Quant Systems, in alignment with our growth strategy across technology domains and industry verticals. This has also allowed us to strengthen our presence, both offshore and onshore, enhancing our ability to deliver comprehensive solutions to our clients.

We have made investments in emerging technologies and enhanced our capabilities in Artificial Intelligence (AI), including with OpenAI through Microsoft. We launched our Big Bet, Harmoni.AI, a Responsible-first AI offering with a bouquet of industry solutions, service delivery platforms, and accelerators using Generative Artificial Intelligence (GenAI). Harmoni.AI ensures trust, privacy, security, compliance, and uncompromising ethics. A Data Governance and Acceleration engine backs it with a choice of using industry-leading LLMs and a consulting framework to enable effective adoption and faster time-to-market. We have built service delivery platforms, industry use cases, and acceleration BOTs using Harmoni.AI. Additionally, we are also doing pilots with multiple customers, including Fortune 500 clients, particularly in the areas of BFSI, HLS, RMD and TMT.

**As another Big Bet, we collaborated with Microsoft on the launch of Fabric. Our teams are building solutions using Microsoft Fabric as Infrastructure for AI, in close collaboration with Microsoft. We are a proud Featured and Launch Partner for Microsoft Fabric – the data analytics platform for the era of AI. Our team of data engineers are enabling our clients to leverage this new paradigm of end-to-end analytics SaaS platform.**

We continue to form strategic partnerships with key industry Hyperscalers such as AWS, SFDC, and Snowflake, enabling us to secure high-quality clients and large-scale deals. We are working on multiple other collaborations with numerous partners to strengthen our offerings, including a recent joint GTM agreement with Zones, LLC, a global provider of end-to-end IT solutions and cloud managed services. As part of this five-year partnership, Zones and Sonata Software will support cost-efficiency and data optimization through joint offerings and delivery of industry-specific solutions. This partnership will enable customers to modernize their technology footprint and realize the benefits of moving to the cloud.

The executive leadership at Sonata is focused on establishing the company as a dynamic force in the digital realm, placing a premium on Modernization and digital transformation. Our vision is centered on not only acquiring substantial clients and securing significant deals but also venturing into untapped markets, forging strategic alliances, and cultivating a workforce of top-tier talent. By embracing these strategies, we aim to position Sonata as a leader in the digital landscape. Our commitment to healthy expansion underscores our dedication to realizing ambitious goals while maintaining a steadfast commitment to innovation and excellence.



# Financial Highlights

₹ in Lakhs

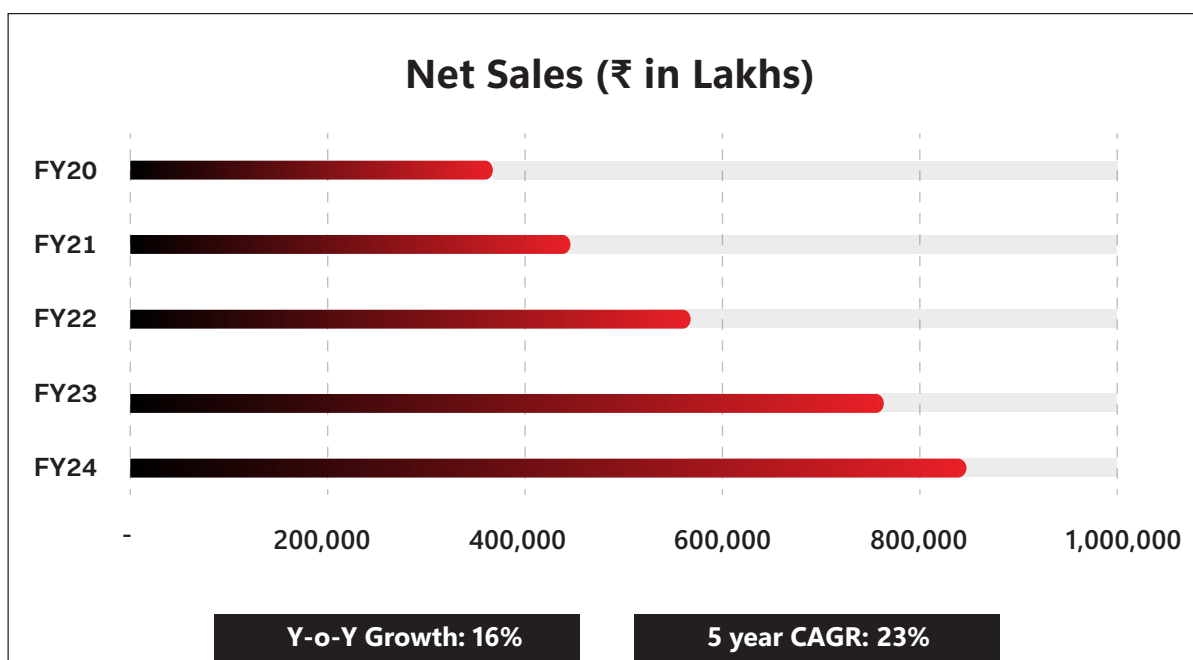
Key Financials	FY24	FY23	FY22	FY21	FY20
Net Sales	861,306	744,912	555,337	422,808	374,326
EBITDA	85,298	67,495	56,573	40,710	43,121
PAT	30,850	45,190	37,643	24,396	27,693
Net Worth	140,629	130,065	109,920	90,547	66,967
Debt	67,430	49,358	3,800	8,973	8,600
Debtors	160,508	123,622	92,195	61,579	70,000
Cash	85,376	74,754	87,639	64,811	31,149
Per Share Ratio (₹)					
EPS*	11.12	16.29	13.59	11.74	13.33
DPS	7.9 <sup>#</sup>	15.75	21.00	14.00	20.25
BVPS*	50.15	46.38	39.20	43.04	31.83
Margin Ratio (%)					
EBITDA Margin	10	9	10	10	12
Net Profit Margin	4	6	7	6	7
RoE	36 <sup>^</sup>	38	38	31	39
RoCE	29 <sup>^</sup>	35	37	30	38

\* Figures for the FY 2023-24 has been reinstated due to issue of bonus shares.

<sup>#</sup> Post bonus issue

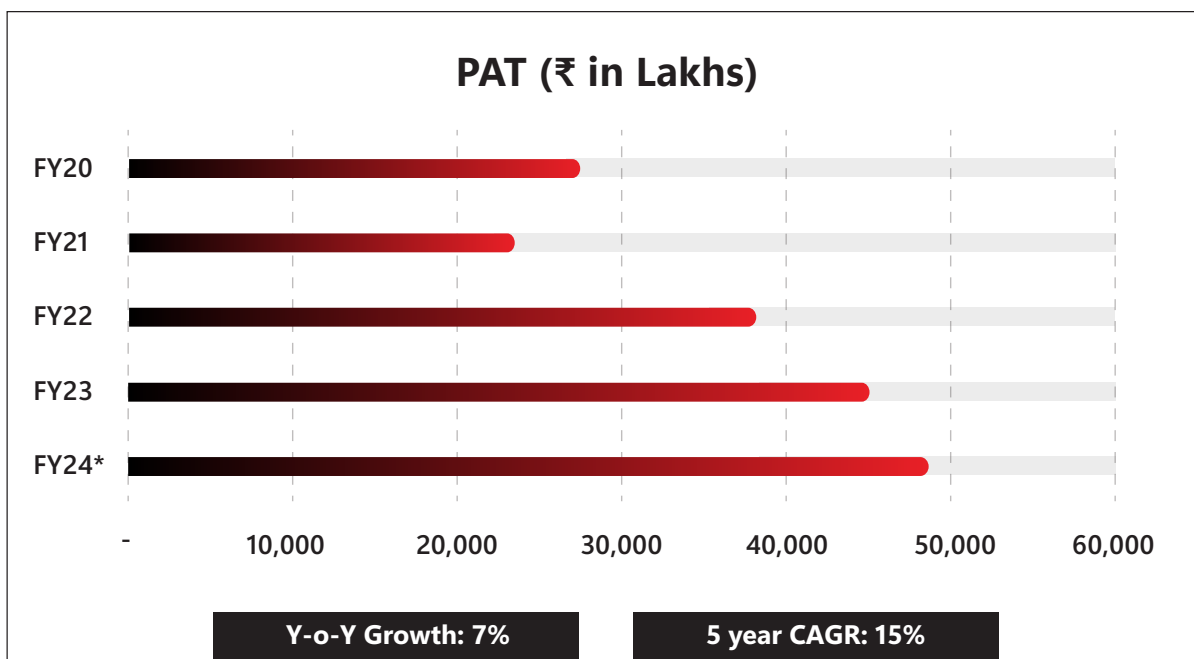
<sup>^</sup> Before exceptional items

Key Financials	FY24	FY23	FY22	FY21	FY20
Net Sales	861,306	744,912	555,337	422,808	374,326



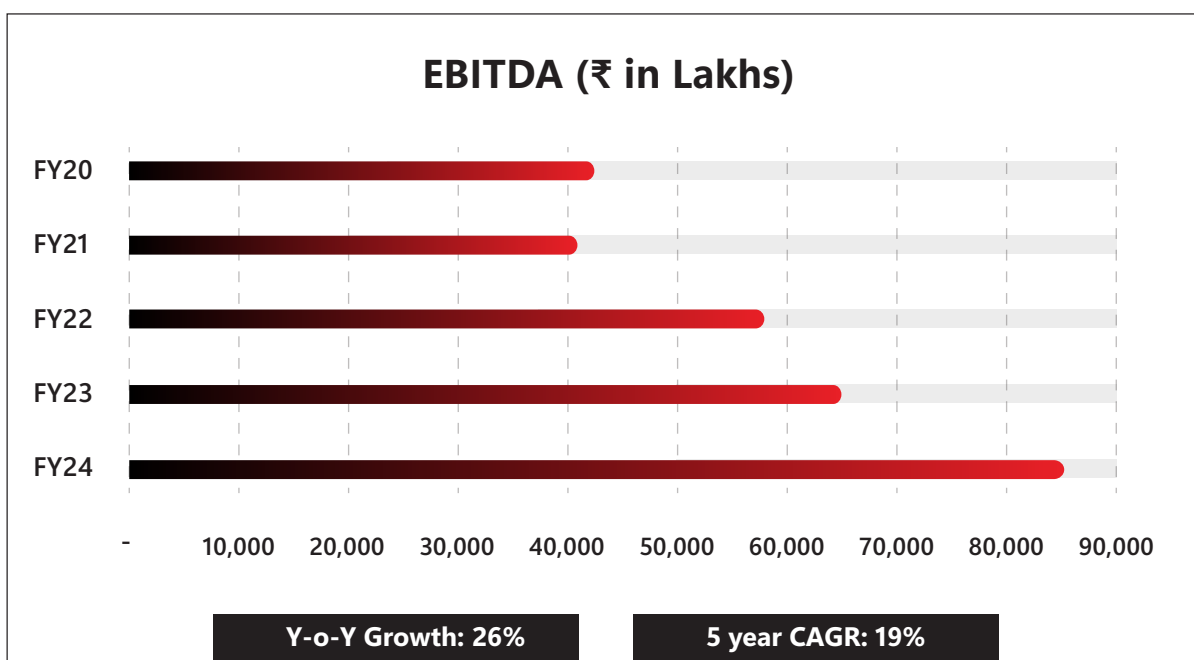


Key Financials	FY24*	FY23	FY22	FY21	FY20
PAT	48,316	45,190	37,643	24,396	27,693

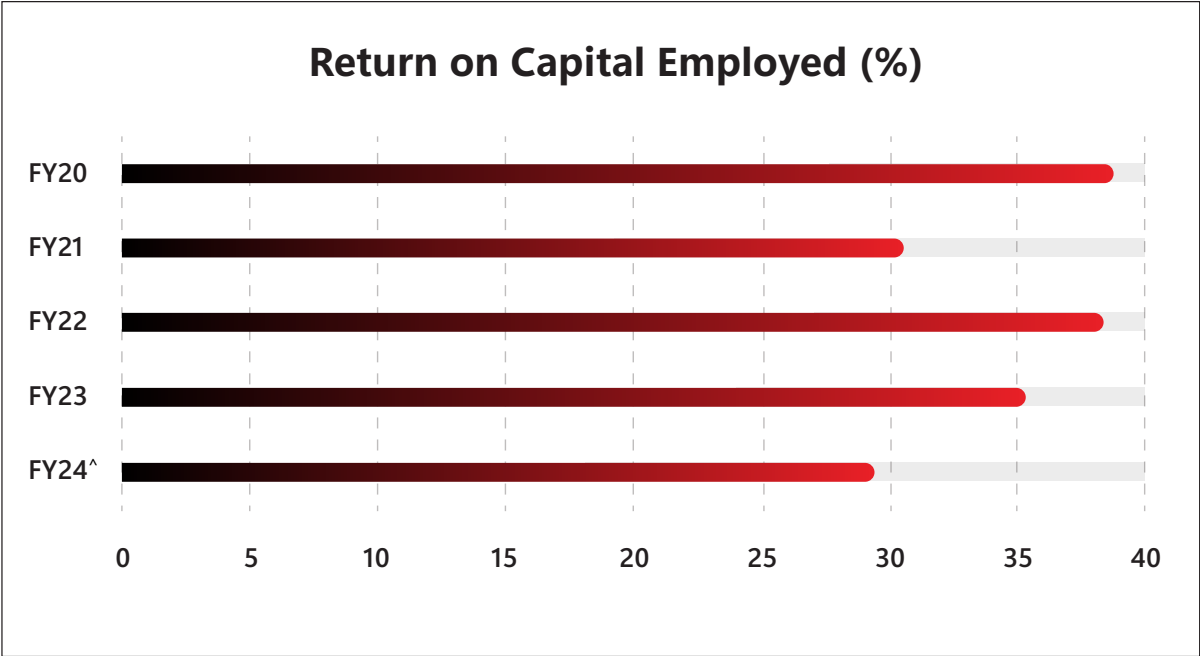


\*Before exceptional items

Key Financials	FY24	FY23	FY22	FY21	FY20
EBITDA	85,298	67,495	56,573	40,710	43,121



Key Financials	FY24 <sup>^</sup>	FY23	FY22	FY21	FY20
RoCE	29 <sup>^</sup>	35	37	30	38



<sup>^</sup>Before exceptional items







# GROWTH

Thinking growth and scale for self,  
team and Sonata





# STATUTORY REPORT

# About this Report

Over the past three decades, Sonata has had a single-minded focus on earning the respect of our stakeholders. This holistic appreciation of progress is inclusive of stakeholders, including clients, to communities, employees, suppliers, investors, and regulators.

The financial and statutory data disclosed in Sonata's reports meet the requirements of the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

## Reporting Principles

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

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

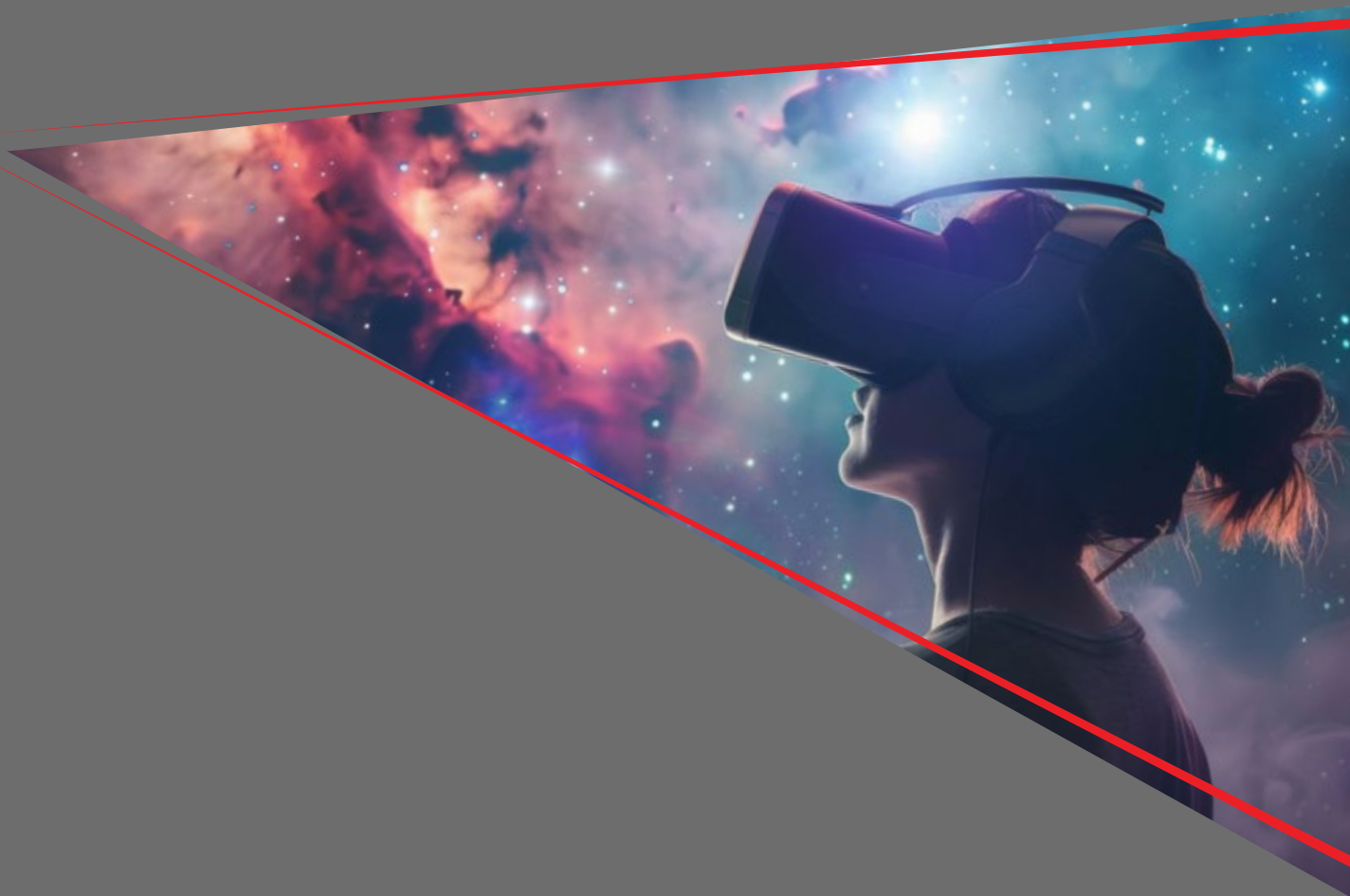


## Reporting Scope and Boundary

This report covers the performance of all our business verticals across our global operations, including operations in over 18 countries across the globe.

## Approach to Materiality

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



# Corporate Information

## BOARD OF DIRECTORS

Pradip P Shah  
Chairman & Independent Director

S B Ghia  
Non-Executive, Non-Independent Director

Viren Raheja  
Non-Executive, Non-Independent Director

P Srikar Reddy  
Executive Vice Chairman & Whole-time Director

Samir Dhir  
Managing Director & CEO

Radhika Rajan  
Independent Director

Sanjay K Asher  
Independent Director

## KEY MANAGERIAL PERSONNEL

Jagannathan C N  
Chief Financial Officer

Mangal Kulkarni  
Company Secretary, Compliance Officer and  
Head-Legal

## COMMITTEES OF THE BOARD

### Audit Committee

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

### Stakeholders Relationship Committee

S B Ghia, Chairman  
P Srikar Reddy  
Radhika Rajan  
Samir Dhir

### Nomination & Remuneration Committee

Sanjay K Asher, Chairman  
Viren Raheja  
Pradip P Shah

## COMMITTEES OF THE BOARD

### Corporate Social Responsibility Committee

Radhika Rajan, Chairperson  
P Srikar Reddy  
S B Ghia  
Samir Dhir

### Risk Management Committee

Pradip P Shah, Chairman  
Viren Raheja  
P Srikar Reddy  
Samir Dhir

## SOLICITORS

M/s Dua & Associates  
M/s B C Prabhakar Associates  
M/s Chugh LLP  
M/s Eshwars | House of Corporate & IPR Laws  
M/s Emerse Legal  
M/s Desai & Diwanji  
M/s K&L Gates LLP  
M/s Trilegal  
M/s ALMT Legal

## AUDITORS

B S R & Co. LLP

## INVESTOR QUERIES

[investor@sonata-software.com](mailto:investor@sonata-software.com)

## WEBSITE

[www.sonata-software.com](http://www.sonata-software.com)

## BANKERS

ICICI Bank  
HDFC Bank  
Axis Bank  
Citibank NA  
Standard Chartered Bank  
HSBC Bank  
Kotak Bank  
SBI Bank

## REGISTERED OFFICE

**Sonata Software Limited**  
208, T V Industrial Estate, 2<sup>nd</sup> Floor, S K Ahire  
Marg, Worli, Mumbai 400 030, India.  
Email: [info@sonata-software.com](mailto:info@sonata-software.com)

## CORPORATE OFFICE

**Sonata Software Limited**  
Tower-A, Sonata Towers, Global Village (Sattva  
Global City), RVCE Post, Kengeri Hobli, Mysuru  
Road, Bengaluru 560059, India.  
Email: [info@sonata-software.com](mailto:info@sonata-software.com)



## SUBSIDIARY COMPANIES AND THEIR REGISTERED OFFICES

### **Sonata Information Technology Limited**

208, T V Industrial Estate, 2<sup>nd</sup> Floor, S K Ahire Marg,  
Worli, Mumbai 400 030, India.

Email: info@sonata-software.com

### **Sonata Software Solutions Limited**

208, T V Industrial estate, 2<sup>nd</sup> Floor, S K Ahire Marg,  
Worli, Mumbai 400 030, India.

Email: info@sonata-software.com

### **Sonata Software North America Inc.**

39300, Civic Center Drive, Suite 270, Fremont,  
CA 94538, United States.

Email: info@sonata-software.com

### **Sonata Software LLC (Formerly known as Sopris Systems LLC)**

1209 Orange St, Wilmington, New Castle,  
DE 19801, United States.

Email: info@sonata-software.com

### **Sonata Latin America S. de R.L. de C.V.**

Buenos Aires 2970, int 15, Colonia Providencia,  
Guadalajara, Jalisco 44630, Mexico.

Email: info@sonata-software.com

### **Sonata Software Canada Limited**

13571 Commerce Parkway, Suite 220, Richmond,  
BC V6V 2R2, Vancouver, Canada.

Email: info@sonata-software.com

### **Sonata Europe Limited**

11<sup>th</sup> Floor (West), The Mille, 1000 Great West Road,  
Brentford TW8 9DW, Middlesex,  
London, United Kingdom.

Email: info@sonata-software.com

### **Sonata Software Intercontinental Limited**

22 Northumberland Road, Ballsbridge,  
Dublin 4, Ireland.

Email: info@sonata-software.com

### **Sonata Software GmbH**

Beethovenstraße 5, 60325 Frankfurt Am Main,  
Germany.

Email: info@sonata-software.com

### **Sonata Australia Pty Ltd.**

Level 2, 97 Warry Street, Fortitude Valley QLD 4006,  
Brisbane, Australia.

Email: info@sonata-software.com

### **Sonata Software Worldwide Malaysia Sdn. Bhd.**

**(Formerly known as GAPbuster Worldwide  
Malaysia Sdn. Bhd.)**

No. 29-4 & 31-4, Dataran Prima, Block F2, Jalan PJU  
1/42A, Petaling Jaya 47301, Selangor, Malaysia.

Email: info@sonata-software.com

### **Sonata Software Malaysia Sdn. Bhd.**

No. 3-14 (3<sup>rd</sup> Floor), Jalan Kasturi 1, Taman Kasturi,  
Off Jalan Balakong, Batu 11, Chelas 43200,  
Selangor, Malaysia.

Email: info@sonata-software.com

### **Sonata Software Japan KK (Formerly known as Kabushiki Kaisha GAPbuster Japan)**

LAMONTE-5F, Nishi-ku, Kasuga 1-8-29-501,  
Kumamoto City, Kumamoto, Japan.

Email: info@sonata-software.com

### **Sonata Software (Shanghai) Co., Ltd. (Formerly known as GAPbuster China Co. Ltd.)**

Suite 40111, Level 40, One Museum Place, No 669,  
Xinzha Road, Jing An District, Shanghai, China.

Email: info@sonata-software.com

### **Sonata Software Limited (Qatar) LLC**

Office 543, Regus Business Center, 5<sup>th</sup> Floor,  
Gath Building, Fereej Bin Mahmood South,  
Near Ramada Junction, Doha 47095, Qatar.

Email: info@sonata-software.com

### **GAPbuster Inc.**

39300, Civic Center Drive, Suite 270, Fremont,  
CA 94538, United States.

Email: info@sonata-software.com

### **GAPbuster Limited**

11<sup>th</sup> Floor (West), The Mille, 1000 Great West Road,  
Brent Ford TW8 9DW, Middlesex, London,  
United Kingdom.

Email: info@sonata-software.com

### **GAPbuster Europe Limited**

11<sup>th</sup> Floor (West), The Mille, 1000 Great West Road,  
Brent Ford TW8 9DW, Middlesex, London,  
United Kingdom.

Email: info@sonata-software.com

### **GAPbuster Worldwide Pty Limited**

Level 4, 99 Queensbridge St, Southbank,  
VIC 3006, Australia.

Email: info@sonata-software.com

### **Encore I.T. Services Solutions Private Limited**

HTC Tower, 41, GST Road, Guindy,  
Chennai 600032, India.

Email: info@sonata-software.com

### **Encore Software Services Inc.**

39300 Civic Center Drive, Suite 270, Fremont,  
CA 94538, United States.

Email: info@sonata-software.com

### **Quant Cloud Solutions Private Limited**

1-65/5/A Plot No 15, Road No-1, Ravindra  
Co-operative Housing Society, Madhapur,  
Hyderabad 500 081, India

### **Quant Systems Inc.**

3100 Olympus Blvd, Suite 480, Coppell,  
TX 75 019, United States.

### **Quant Systems CRC Inc Sociedad de Responsabilidad Limitada (CRC LLC)**

WeWork Plaza Real Cariari Building, Located at  
Autopista General Cañas 111, Cruce de San Antonio,  
Heredia, Costa Rica.

### **Woodshed LLC**

6320 Linden Lane, Mound, Minnesota 55364,  
United States.

## COMPANY OFFICES

### NORTH AMERICA

#### **Sonata Software Limited, NJ Branch**

2 Tower Center Blvd, 16<sup>th</sup> floor, Suite 1603,  
East Brunswick, NJ 08816, United States.  
Email: info@sonata-software.com

#### **Sonata Software North America Inc.**

15365 NE, 90<sup>th</sup> Street, Suite 200, Redmond,  
WA 98052, United States.  
Email: info@sonata-software.com

#### **Sonata Software LLC (Formerly known as Sopris Systems LLC)**

7887 East Belleview Avenue, Suite 1100,  
Englewood, CO 80111, United States.  
Email: info@sonata-software.com

#### **Sonata Software North America Inc.**

5051, Peachtree Corners Circle, Suite 200,  
Norcross, Georgia 30092, United States.  
Email: info@sonata-software.com

#### **Sonata Software North America Inc., Canada Branch**

55 York Street, Suite 401, Toronto,  
Ontario M511R7, Canada.  
Email: info@sonata-software.com

### UK

#### **Sonata Software Limited, UK Branch**

11<sup>th</sup> Floor (West), The Mille, 1000 Great West Road,  
Brent Ford TW8 9DW, Middlesex, London,  
United Kingdom.  
Email: info@sonata-software.com

### EUROPE

#### **Sonata Software Intercontinental Limited**

003, Block B, Maynooth Business Campus,  
County Kildare, Dublin, Ireland.  
Email: info@sonata-software.com

#### **Sonata Software Limited, Denmark Branch**

Regus Copenhagen Noerreport  
Frederiksborggade 15, 2<sup>nd</sup> floor,  
1360 Copenhagen, Denmark.  
Email: info@sonata-software.com

#### **Sonata Software Limited, Netherlands Branch**

Schiphol Boulevard 359, D Tower, 11<sup>th</sup> floor,  
Schiphol 1118BJ, Amsterdam, Netherlands.  
Email: info@sonata-software.com

#### **Sonata Software Solutions Limited Filial, Sweden Branch**

KG10 Stockholm, Kungsgatan 8, 2<sup>nd</sup> floor,  
111 43 Stockholm, Sweden.  
Email: info@sonata-software.com

#### **Sonata Software Solutions Limited, Poland Branch**

Nowogrodzka, No. 50/54, lok. 515,  
Warsaw, 00-695, Poland.  
Email: info@sonata-software.com

### ANZ

#### **Sonata Software Limited, Australia Branch**

1639, Level 16, Space 1, Denison Street, North  
Sydney, New South Wales 2060, Australia.  
Email: info@sonata-software.com

### ASIA PACIFIC

#### **Sonata Information Technology Limited**

1/4, APS Trust Building, 1<sup>st</sup> floor,  
Bull Temple Road, N R Colony, Basavanagudi,  
Bengaluru 560004, India.  
Email: info@sonata-software.com

#### **Sonata Information Technology Limited**

A/503, Kanakia Wall Street, Chakala Junction,  
Andheri East, Mumbai 400 093, India.  
Email: info@sonata-software.com

#### **Sonata Information Technology Limited**

Plot /Shed No. C46A, Thiru Vi Ka Industrial Estate, Alandur  
Guindy Taluk Village, Guindy Taluk, Chennai 600 032, India.  
Email: info@sonata-software.com

#### **Sonata Information Technology Limited**

Suite No. N 215, Ideal Plaza, 11/1, Sarat Bose Road,  
Kolkata 700 020, India.  
Email: info@sonata-software.com

#### **Sonata Information Technology Limited**

24, 1<sup>st</sup> Floor, Okhla Industrial Estate Phase III,  
New Delhi 110 020, India.  
Email: info@sonata-software.com

#### **Sonata Information Technology Limited**

Office No.506, Nucleus, Church Road, Opp. Pune Police  
Commissioner's Office, Camp, Pune 411 001, India.  
Email: info@sonata-software.com

#### **Sonata Information Technology Limited**

1-10-176, Begumpet Main Road, Opp. Hyderabad Public  
School, Hyderabad 500 016, India.  
Email: info@sonata-software.com

#### **Sonata Software Solutions Limited**

Tower F, Global Village, (Sattva Global City),  
RVCE Post, Kengeri Hobli, Mysuru Road,  
Bengaluru 560 059, India.  
Email: info@sonata-software.com

#### **Sonata Software Limited**

1/4, APS Trust Building, 1<sup>st</sup> floor, Bull Temple Road,  
N R Colony, Basavanagudi, Bengaluru 560 004, India.  
Email: info@sonata-software.com

#### **Sonata Software Limited**

1-10-176, Begumpet Main Road Opp. Hyderabad Public  
School, Hyderabad 500 016, India.  
Email: info@sonata-software.com

#### **Sonata Software Malaysia Sdn. Bhd.**

Unit 16-2, 16<sup>th</sup> Floor, Menara Symphony, No 5, Jalan  
Professor Khoo Kay Kim, Seksyen 13, Petaling Jaya 46200,  
Selangor, Malaysia.  
Email: info@sonata-software.com

#### **Sonata Software Limited, Singapore Branch**

60, Paya Lebar Road, #09-43,  
Paya Lebar Square 409051, Singapore.  
Email: info@sonata-software.com

#### **Sonata Information Technology Limited, Singapore Branch**

60, Paya Lebar Road, #09-43,  
Paya Lebar Square 409 051, Singapore.  
Email: info@sonata-software.com

#### **Quant Cloud Solutions Private Limited**

9<sup>th</sup> Floor, Aurobindo Galaxy Towers, Hi-Tech City Road,  
Madhapur, Hyderabad 500 081, India.



# Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) pertains to Sonata Software Limited (Sonata, or the Company) and its subsidiaries on a consolidated basis, unless otherwise stated. The MD&A should be read in conjunction with the company's financial statements included herein and the notes hitherto. The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India (GAAP) to comply with the Indian Accounting Standards specified under Section 133 of and other relevant provisions of the Companies Act, 2013 as applicable. The company's management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions and reasonably present the company's state of affairs and profits for the year.

## Introduction

In FY24, Sonata Software achieved one of the best Y-o-Y growth, while the world, industry and our peer companies faced strong headwinds globally. Sonata's revenue crossed USD 1B mark and the Market Capitalization soared by 160%, crossing the USD 2B mark. We added many marquee logos and overperformed in our Quant and Encore acquisitions. The secret sauce being our Modernization-driven big bets, our Play Big mindset, and agility and system thinking, which enables us to accelerate time to market for our clients.

Despite macro and industry level headwinds, opportunities continue to remain buoyant for modernization, consolidation, and in new technology areas. We continued investing in front-end sales, tech consulting talent, ecosystem partnerships, and focus geographies and verticals. With our commitment to delivering best-in-class service, we swiftly established centers in Mexico and Malaysia to meet the time-zone needs of our clients and are now ready to operate centers in Egypt and Poland as well. Also, we strengthened our partnerships with Microsoft, AWS, Salesforce, Google, and key industry partners.

To strengthen our brand, we brought our subsidiaries – Sonata Encore, Sonata Scalable and Sonata GBW under one umbrella brand – Sonata Software. This move will allow us to leverage Sonata Software's global reputation and ensure our stakeholders get seamless experience with us.

Recognition and accolades kept us steadfast. We were honored with the Microsoft Inner Circle Membership three times over. We also received the 2023 "Best Governed Company Listed Segment: Emerging Category" Award from the Institute of Company Secretaries of India (ICSI) for Excellence in Corporate Governance. Sonata also featured in the reports of leading analyst firms like Everest Group and HFS for its cutting-edge Offerings in GenAI, Cloud Modernization, Data Modernization and Dynamics Modernization space.

Sonata got recognized as the Most Preferred Workplace 2023-24 in the IT/ITeS segment, a testament to our ongoing commitment to create an employee-centric workplace.

We remain committed to our ESG goals. Recognition by EcoVadis – The world's most trusted Business Sustainability ratings, is testimony of the positive strides we have made in establishing ESG policies, robust governance, measurable impact, and disclosures.



**The award from ICSI for Excellence in Corporate Governance**

# Global Macro Environment

**With disinflation and steady growth, the risks to global growth are balanced.**

Projections indicate a decline in global headline inflation, expected to reach 5.8% in 2024 and further decrease to 4.4% in 2025. This disinflationary trend, coupled with sustained growth, has mitigated the likelihood of a hard landing, resulting in a balanced risk profile for global growth. The likelihood of a hard landing has receded due to disinflation and steady growth. On the upside, faster disinflation could lead to further easing of financial conditions. Conversely, on the downside, new commodity prices spike from geopolitical shudders such as continued attacks in the Red Sea, alongside supply disruptions or prolonged underlying inflation, which may prolong tight monetary conditions. Distresses in the property sector in China or disruptive turns to tax hikes and spending cuts in other regions could also cause growth disappointments.

With inflation declining and economies better able to absorb effects of fiscal tightening, there is a need for renewed focus on fiscal consolidation to rebuild budgetary capacity, raise revenue for new spending priorities, and curb the rise of public debt.

**Global IT spending is expected to witness sustained growth in the upcoming year.**

In 2024, IT services will continue to grow and will emerge as the largest segment of IT spending for the first time. It is anticipated that spending on IT services will increase by 8.7%, reaching a significant milestone of USD 1.5 trillion. Enterprises will continue to find more uses for technology. IT services have moved from the back office to front office and are now revenue-producing activities. As the demand for IT spending is expected to remain strong in various sectors, there is no plateau in enterprise IT spending.

## Global IT spending forecast

	2023 Spending (USD Bn)	2023 Growth (%)	2024 Spending (USD Bn)	2024 Growth (%)
Data Center Systems	243	7.1	261	7.5
Devices	700	-8.7	732	4.6
Software	913	12.4	1,029	2.7
IT Services	1,381	5.8	1,501	8.7
Communications Services	1,440	1.5	1,473	2.3
Overall IT	4,678	3.3	4,997	6.8

Source: Gartner (Jan 2024)



# Sonata: Continued Focus Across Verticals and Markets to Drive Modernization



## USA

As part of our growth strategy, we have structured our USA region into:

- Invest Verticals: Banking, Financial Services and Insurance (BFSI), and Healthcare and Life Sciences (HLS).
- Harvest Verticals: Retail, Manufacturing and Distribution (RMD) and Technology, Media and Telecom (TMT).

## Banking, Financial Services and Insurance (BFSI)

In FY24, the BFSI industry had to navigate through the challenges of a slowing global economy and rising interest rates. Banks continue to be stressed around finding new ways to generate income while managing costs. There is an increased focus around customer retention, optimizing cost and driving innovation. Sonata is well positioned to work with the clients and prospects in BFSI industry to drive their key priorities forward.

### Some of the key focus areas are:

#### Enhance Customer Experience

Sonata's Customer360 offering provides a holistic view of customer interactions across diverse banking products and channels (structured and unstructured). Our solution serves as a centralized hub for aggregating and analyzing customer data and utilizes advanced analytics and AI to generate actionable insights. Banks are able to drive targeted marketing campaigns, personalized recommendations, and tailored product offerings for their customers.

#### Drive Operational Efficiency

Sonata has developed a GenAI assisted Unique Modernization Framework that is revamping the entire lending and mortgage process. The prebuilt accelerators and lending specific data models are driving faster document validation and credit decisioning for banks.

#### Enhanced Cybersecurity and Regulatory Compliance

Sonata's GenAI powered regulatory framework is helping banks address their GRC needs across geographies. We have also partnered with leading industry experts to ensure banks are adhering to the growing number of regulations that they have to comply with.

Overall, Sonata continues to align its services around the priorities driving the BFSI industry and we are fully committed to serving our customers through their digital transformation journey.

## Healthcare and Life Sciences (HLS)

Healthcare and Life Sciences organizations face several macroeconomic challenges, including sluggish pipelines, pricing pressures, and rising operational costs. To address these challenges, enterprises in the HLS sectors are adopting strategies to optimize costs, enhance productivity, and gain a foothold in the marketplace.

### Some of the key focus areas are:

#### **Enhancing Topline: Accelerating Drug Discovery**

We are leveraging GenAI-powered intelligent assistants to support their R&D scientists in the drug discovery process. These intelligent assistants provide curated information and insights, expediting the drug discovery process and reducing the time to market for new drugs.

#### **Optimizing Bottomline: Driving Operational Efficiency**

We recognize the cost pressures faced by HLS organizations and to address these challenges, we offer AI-based solutions such as Pharma 4.0, powered by Harmoni.AI and IntellQA. These AI solutions are designed to streamline workflows, minimize waste, and enhance regulatory processes, ultimately leading to cost reduction across the board.

#### **Improving Patient Outcomes**

We collaborated with Digital Health (DxP) companies to develop innovative solutions that empower healthcare professionals. These solutions aim to provide informed decision-making, superior care, and overall cost reduction.

#### **Ensuring Regulatory Compliance and Security**

Our GenAI-powered GxP framework and SDLC platform simplify compliance processes in the HLS sector, while our data-driven risk and compliance framework assesses and enhances security posture, ensuring adherence to regulatory standards.

In essence, our ongoing investment in these areas underscores our commitment to supporting HLS companies in navigating the evolving landscape while delivering tangible value and driving positive outcomes for all stakeholders involved.

## Retail, Manufacturing and Distribution (RMD)

Retailers are currently navigating unprecedented changes in the industry. The evolution of customer journeys has led to non-linear and infinite paths to purchase, necessitating the creation of connected, personalized, and adaptive experiences throughout. Sonata refers to this approach as 'Connected Retail'. We are enabling retailers to reimagine their business models, modernize their technology landscape, and transform customer experiences across the pre-shop, shop, and post-shop journey. This modernization journey is anchored in our structured platform approach, helping deliver ubiquitous and omnichannel customer experience.

Sonata is delivering the 'Connected Retail' experience by bringing together all the elements in the journey of change, leveraging data, and the retail industry cloud. Here are the key areas we focus on:

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

The Manufacturing and Distribution industry is constantly evolving and adapting to innovative business models to keep up with changing demands and ongoing digital disruption. The goal is to fully realize the benefits of a connected ecosystem and improve operational efficiency. Operational efficiency is a critical driver for manufacturers to stay ahead in the digital age. An agile supply chain, with real-time visibility and insights into the entire distribution network from sourcing to storage to delivery, is a key enabler of efficient operations.

In addition to operational efficiency, understanding end consumer behavior and personalizing their experience has become the norm to gain and sustain customer loyalty. Manufacturers need to embrace a platform-oriented approach and leverage new digital technologies to efficiently manage the supply chain ecosystem, which consists of different players such as suppliers, distributors, franchisees, retailers, stockists, logistics providers, and consumers. By adopting a platform-oriented approach, manufacturers can enable each player in the ecosystem to perform at their best.

Sonata brings together deep experience, industry-ready platforms, and a unique Platformation™ approach to help industrial and consumer goods manufacturers stay competitive in the digital era. Our solutions focus on digital distribution platforms and enable manufacturers to establish an adaptive distribution network that can withstand changing market dynamics and embrace new distribution models.

## Technology, Media and Telecom (TMT)

The Technology, Media and Telecom (TMT) sector is experiencing significant digital transformation, driven by shifting consumer behaviors and technological advancements.

Cloud computing continues to serve as a cornerstone, with significant investments aimed at bolstering scalability, cost efficiency, and data security. This is particularly critical for telecom firms managing expansive networks and copious data volumes, and media companies heavily reliant on streaming and digital platforms.

Data analytics and Artificial Intelligence (AI) continue to play pivotal roles, empowering TMT firms to enhance customer experiences, personalize content, and extract valuable insights into consumer behavior. Generative AI is gaining traction and its unique expectations and demands are shaping how TMT companies develop products and services with AI-driven personalization, recommendation systems, engineering tool sets and development practices.

The proliferation of IoT devices underscores the necessity for robust infrastructure to support data processing and analysis. Edge computing has emerged as a key solution, enabling TMT companies to process data closer to the source, reducing latency and enhancing real-time decision-making capabilities.

### Some of the key focus areas are:

- a. Infuse AI, Machine Learning and Generative AI to transform the engineering process and development of products and platforms for our clients.
- b. Create products and platforms that improve customer experiences by improving the customer life cycle management.
- c. Enhance developer productivity by using tools and accelerating development and reducing time to market.
- d. All pervasive data products to be used across the organizations.



## Microsoft Global Account

Sonata Software is a trusted partner of Microsoft, one of our platinum accounts and part of our Top 5 accounts. Over the past 30 years, Sonata has offered a wide range of services and solutions for Microsoft across various domains and technologies. These include Business Applications, Data & AI (Azure), Digital & App Innovation (Azure), Infrastructure (Azure), Modern Work, and Security. We leverage our deep expertise, industry knowledge, and best practices to deliver value-added and innovative solutions for our customers.

We are proud and excited to be the only Indian SI partner for the launch of Microsoft Fabric. We strongly believe Fabric is pathbreaking in what it can do for customers who are modernizing their global data estate. We bring a complete set of complementary capabilities in terms of IPs as well as capacities across the globe to help customers modernize their data estate and adopt this platform faster.

Sonata Software is honored to be a member of the Microsoft AI Partner Council, a select group of partners driving the adoption of AI solutions on Microsoft Azure. As part of this partnership, Sonata Software's Harmoni.AI platform integrates with Microsoft Azure AI services, enabling enterprises to accelerate their AI journey. In addition, we remain committed to delivering excellent customer service and support and are honored to be a finalist for the Customer Marvel awards in the Microsoft Annual Supplier Awards for 2023.

Sonata Software has a global presence with a network of delivery centers in India, US, Canada, Mexico and Malaysia, and is ready to operate centers in Egypt and Poland as well. This extensive network positions Sonata to collaborate with Microsoft on a global scale. We have a strong and diverse team of Microsoft certified professionals who can deliver high-quality and cost-effective solutions for our customers, while our robust and agile delivery model ensures timely and seamless execution of projects.

We look forward to continuing our fruitful and strategic partnership with Microsoft in the coming years and exploring new opportunities and challenges together.

# UK and Ireland

The UK IT services market, valued at approximately £60B, is among the largest and most mature in region. It is poised for robust growth driven by digital transformation, cloud adoption, and evolving business needs. Sonata UK has been leveraging its modernisation engineering heritage with investments in advanced technologies such as AI, Cloud, Data, and Analytics to meet customer needs. The challenging macroeconomic climate has prompted our customers to reassess their operating models and enhance productivity to fund differentiated customer experiences.

Sonata is well-positioned to deliver business transformation by capitalising on these trends across various market segments, including BFSI, HLS, RMD and TMT. Sonata's domain-centric approach, combined with global best practices and right-shoring of talent, positions us as a trusted navigator for our clients through:

## Digital Transformation Initiatives

- Adoption of Advanced Technologies: Utilizing AI and Machine Learning to improve operational efficiency and customer experience.
- Modernisation of Legacy Systems: Upgrading outdated systems to modern IT infrastructures.

## Cloud Computing

- Shift to Cloud Services: Enhancing scalability, cost savings, and flexibility through cloud solutions.
- Hybrid and Multi-Cloud Strategies: Optimizing workloads and ensuring business continuity.

## Data Analytics and Big Data

- Data-Driven Decision Making: Leveraging big data and analytics for informed decision-making.
- AI and Machine Learning: Employing predictive analytics and automation.

## Outsourcing and Managed Services

- Cost Optimization: Reducing costs by outsourcing IT functions.
- Access to Expertise: Providing specialized skills and advanced technologies through managed services.

Through digital transformation, cloud computing, data analytics, and managed services, Sonata is enabling customers in UK to enhance productivity and deliver superior customer experiences.

# Europe

In FY24, the Europe region transitioned into a distinct business unit, driven by the need to capitalize on the burgeoning business opportunities with enhanced focus and dedication. Throughout the year, Europe celebrated significant achievements, including securing a large deal with its largest new client, marked by a global deployment of Dynamics 365 across the client's global entities.

Another notable milestone was the breakthrough entry into the telecommunications industry by securing strategic engagements of one of Europe's largest Telecom companies. This expansion signals a pivotal moment, with expectations of growth in our telecom business across Europe in the years to come.

Since the introduction of Microsoft Fabric, Sonata in Europe has actively engaged with Microsoft in Nordics region and plans to extend this collaboration across continental Europe in Q1 and Q2 of FY25. The market's response to Sonata's offerings in Automation, AI, and Data & Analytics has shown notable growth throughout FY24, with further increases in demand anticipated.

Microsoft remains a crucial partner for Sonata Europe, with solid partnerships established in Sweden and Germany and gaining traction across continental Europe. Additionally, Sonata's partner organization in Europe has successfully positioned Sonata as a European partner for Snowflake, receiving positive feedback in the European market.

In a strategic move during Q4, Sonata Europe announced its investment in establishing a new nearshore development center located in Poland. This development center aims to meet the escalating demands for business transformation, modernization, and cost optimization initiatives from global clients in Europe. It underscores Sonata's commitment to strategic investment in the rapidly expanding field of Generative AI.





# ANZ

The ANZ market is shaped by a mix of opportunities and challenges. The opportunities are digital transformation, creating resilient supply chains, cybersecurity, remote work and sustainability. The challenges being, slow economic recovery, rising cost of product and services, longer decision-making cycles and geopolitical uncertainty.

Sonata's strategic focus in this market is to capitalize on these opportunities and provide solutions to neutralize the existing challenges for clients within the RMD sectors. The key highlights of these verticals include a robust e-commerce sector, omnichannel integration, data analytics for personalization, supply chain optimization, and the adoption of contactless shopping technologies.

## Our execution strategy is centered around the following:

- Providing optimization-led Modernization services across Applications, Data and Infrastructure to bring in better customer & employee experiences and improve business processes.
- Bringing in digital transformation to clients through GenAI and Automation to help them reduce cost of operations and improve overall engagement with their stakeholders.
- Work closely with our strategic partners to bring constant value to our clients through innovative solutions like Microsoft Fabric and other cost take-out offerings.
- Changing the revenue mix from a project-centric business to a more annuity-based business to ensure more predictable revenue projections and focus on large deals.
- Growing existing clients and targeting prospects in RMD and investing in selected BFSI prospects.

The execution of this strategy commits us to investing in the focused sectors and in the development of IP and tools to help service our clients more cost effectively.

# APAC

India has emerged as a popular destination for Global In-house Centers (GICs) in the APAC region. This is due to several factors, including a large pool of skilled talent, favourable government policies, cost benefits, and a robust IT infrastructure. Many companies have established their GICs in India to take advantage of these benefits.

Sonata recognizes the growth potential in the APAC region and is strategically leveraging its local delivery and sales capabilities to script its growth story. We have been traditionally engaged with established GICs for Professional Services and Managed Services requirements. However, Sonata aims to elevate its play by focusing on innovative models for larger revenue share:

- **Build Operate Transfer (BOT) model for GICs who want to establish captives in India.**
- **Roll out a rebadging/takeover and run proposition for captives.**

Sonata is a dominant force in product sales in India, with a strong presence in large enterprise accounts. The company is leveraging its strong India business relationships and capabilities to unlock the growth potential and establish a strong foothold in the APAC market. Also, we are actively building strong partnerships in the region and are focused on localizing the solutions and service offerings to meet the specific requirements.

# Sonata CX

At Sonata CX (formerly known as GBW), the strategy continues to focus on the use of advanced analytics and actionable insights to drive customer experience via our proprietary omnichannel platform that measures and evaluates every customer touchpoint. We maintain a unique ability to combine physical and digital measurement capabilities anywhere in the world, which enables the provision of greater insights and understanding for our clients and their teams.

In FY24, we were thrilled to announce the successful implementation of our omnichannel platform, which integrates data from multiple sources, empowering our clients to access multitude of insights through our analytics engine. These insights enable stakeholders to make more informed decisions, aiming to enhance customer experience and gain deeper insights into the Return on Investment (ROI) between CX and operational metrics.

Furthermore, we have also incorporated data and analysis from social media and research panels to further enhance our evaluation of the customer journey, ensuring our clients can access insights that enable better business decisions.



# Operational Review

During FY24, we successfully acquired new clients across various industries. Our GTM solutions around Modernization of Cloud & Data, Automation, Managed Services, Dynamics 365 Transformation have helped these clients achieve their business goals.

## International Business

In FY24, Sonata's international business demonstrated resilience and achieved a 39.5% Y-o-Y growth rate. Our industry-leading growth rate is a testament to the success of our below mentioned strategy:

### 1. Verticalized USA Operations

We were able to deliver more value to our clients by moving into vertical structure of:

- a. **Harvest Verticals** - RMD and TMT
- b. **Invest Verticals** - BFSI and HLS

The success of Sonata's strategy refresh in FY24 has contributed to scaling our business with existing clients and delivering new services to them.

**2. Market Focus:** As part of our strategic expansion plans in Europe Market, our delivery center in Kraków, Poland is ready to start its operations. This nearshore center will support the growing demands for business transformation, Modernization, and cost optimization initiatives, for our global clients.

**3. Large Deals:** Our unparalleled focus to win large deals with existing and new clients has been key for our growth in FY23. We won over 14 large deals in FY24 providing diverse services to our existing and new clients. This is the bedrock for us to build on and win many more deals in the upcoming years.

**4. Modernization Services:** Our clients have found our suite of Modernization services relevant and aligned to their strategy. This has helped us construct deals to provide digital Modernization services which improves consumer experience & growth of their business coupled with cost take-out deals which helps in improving efficiencies and funding the transformation journey.

## Key Large Deals by Sonata in FY24

### Deal 1

The client is a large Home Improvement Retail Corporation in the United States. The client faced challenges in modernizing their core systems and generating efficiencies across their inbound and outbound supply chain due to non-performance from an incumbent partner. Our client evaluated multiple prospective vendors and chose Sonata as a strategic partner for standardization and modernization. This deal is for a 5-year tenure with continuous modernization to transform their supply chain operations.

### Deal 2

The client is an American Multinational Technology Corporation. The client was looking to improve and expand end-customer experience and consumer success using their products and services in modern Data using AI and ML. Sonata partnered with the customer to provide efficient solutions catering to the end user requirement, leveraging strong domain expertise in supporting multilingual end customers.



### **Deal 3**

The client is an American Transportation Services Company specializing in shipping. The client was looking for a reliable partner who could help maintain their applications and infrastructure footprint across all lines of business and support them in their digital transformation journey. Sonata will provide development/modernization services on cutting-edge technologies and automation.

### **Deal 4**

The client is a leading Network Service Provider powering global connectivity for new media providers, telecom carriers and enterprises. Sonata signed a large multi-year contract to transform their core business and financial processes leveraging Cloud, Data, and our Harmoni.AI platform. We are delighted with this win, as our Harmoni.AI platform with its Responsible-first approach helped us differentiate against the competition.

### **Deal 5**

The client is a premier Third-Party Logistics Company that provides supply chain solutions. We are going to build and maintain their logistics solutions across all lines of businesses including Transportation, Distribution, Fulfilment and Warehousing. We won this contract against stiff competition by leveraging our strong Data Analytics, Cloud, Architecture, and Engineering capabilities.

### **Deal 6**

We won a large multi-year contract with Europe's largest Multinational Leisure, Travel, and Tourism Company. The scope of the contract includes Cloud and Data Modernization, Application Modernization, strategic implementation of transformation programs, and innovation through Sonata's Solution and Innovation Hubs. As a part of the project, we will build and maintain Digital Hub to enhance customer experience and improve operational efficiency.

### **Deal 7**

Client is a leading provider of Industrial Steel Mill Services for steelmakers around the world. The client wanted to modernize their existing trading platform with a next-gen, scalable and robust trading platform to drive growth and business value. Sonata proposed a solution to develop and implement a Next-Gen Trading Platform. This solution will enable the client to streamline its trading operations by providing a centralized platform for trade execution, position monitoring, and risk management.



## India Business

Sonata Information Technology Limited (SITL) had yet another stellar year, where our customer focus and technology expertise saw us winning several deals and deployments. Overall, our India business grew by 7.4% in revenue and 18.6% in Gross Contribution (GC). Most of our existing customers across a range of industries renewed their large, multi-year contracts with us. The growth in existing customers also came through contracts for supply, implementation and integration of additional licenses and new technology products.

Many of the Indian enterprises, PSUs and startups selected Sonata as their chosen partner for procuring, setting up, integrating & utilizing their hyperscaler platforms to set up SMART Workplaces, to build their business platforms, to move their businesses to cloud platforms, to run their business 24/7 on cloud/hybrid environment and to improve their organization's efficiency.

## System Integration Business

SITL's System Integration business grew 82.3% in terms of GC. We have executed several large Hybrid & Cloud system integration projects at our BFSI, Manufacturing customers.

### Case Study 1

Sonata was a system integrator for a multinational public sector bank in Asia with 13,000 branches & 14,000 ATMs. Sonata implemented their Mobile Application Infra Augmentation project to achieve 50,000 logins, increased high availability and improved end user experience after the augmentation. Sonata conducted a comprehensive assessment of their existing platform and delivered detailed project plan for project execution. We have supplied and installed IBM and DELL Servers, Storage, and Firewall. We configured IBM power virtualization, VMware virtualization, configured high availability, F5 Velos implementation, augmenting existing applications and databases. Also, IBM spectrum and Tape Library implementation for backup and recovery.

### Case Study 2

Sonata Software served as a system integrator for an Indian public sector bank and financial services company. The bank is the 10<sup>th</sup> largest public sector bank in India by total assets and was ranked 1948 in the Forbes Global 2000 list in 2018. Additionally, it was ranked 80 on the Fortune India 500 list in 2020. Sonata implemented the MIS and ADFS Project for the bank to achieve seamless login and reporting. We supplied and configured servers, storage, and operating systems software.

# Security Business

Sonata Information Technology Limited (SITL) enjoyed yet another outstanding year marked by our unwavering customer-centric approach and deep technological expertise, resulting in numerous successful contracts and deployments. Our India operation witnessed a remarkable growth of 7% in revenue and 16% in GC. Particularly outstanding was the exceptional performance of SITL's cybersecurity division, with revenue soaring by 81.93% compared to the previous year, and GC increasing by 78.11% over the same period.

We celebrated the successful renewal of multi-year contracts with several of our longstanding clients spanning across various industries. Moreover, the expansion within our existing customer base, characterized by increased license adoption and introduction of new products, exceeded 10% year-on-year. Additionally, we are thrilled to report a significant uptick of over 20% in the number of customers benefiting from Sonata's professional and Managed Services.

## **SITL: Expert Cybersecurity Consulting for Hybrid and Multi-Cloud Environments**

SITL is a leading cybersecurity consulting partner with proven expertise in securing customers hybrid and multi-cloud environments. We combine industry best practices with a focus on consolidation and streamlining existing security measures. This ensures optimal protection for customers hybrid infrastructure while minimizing costs and operational complexity. SITL collaborates closely with clients to tailor cybersecurity solutions that perfectly address their specific needs.

## **Beyond Security: A Comprehensive IT Services Portfolio**

SITL's reach extends beyond cybersecurity. We offer a diverse portfolio of IT services catering to the needs of enterprises in the Indian market. These services include:

- **Infrastructure Operations**
- **IT Governance, Risk & Compliance**
- **Cybersecurity Advisory**
- **Business Continuity**
- **Information Intelligence**
- **Software Asset Management (SAM)**
- **Cloud Security Consolidation**

## **Case Study 1: Endpoint Security and Asset Management for Major Public Sector Bank**

**Client:** Multinational public sector bank headquartered in South India with 3,220 branches.

**Challenge:** The bank needed to strengthen its endpoint protection and asset management for its 25,000+ users to combat security threats, comply with regulations, and reduce costs.

**SITL Solution:** SITL acted as the bank's cybersecurity consultant, implementing and maintaining endpoint protection and asset management solutions. This helped the bank:

- Fortify its defences against threats.
- Ensure adherence to relevant compliance standards.
- Optimize security expenses.

### **SITL's Approach:**

- Performed a comprehensive assessment of the existing security platform.
- Delivered a detailed project plan for seamless execution.
- Deployed and maintained Broadcom and Zoho ManageEngine solutions.
- Provided ongoing facility management, including monitoring and environmental protection.



## Case Study 2: Hybrid Data Availability & DR for Leading Private Sector Bank

**Client:** Second-largest private sector bank in India with 131,000 employees.

**Challenge:** The bank required a robust Hybrid Data Availability and Disaster Recovery (DR) solution to safeguard their critical data and support data management and compliance efforts.

**SITL Solution:** SITL implemented a Hybrid Data Availability and DR solution for the bank's critical data. This empowered the bank to:

- Ensure high availability of crucial information.
- Implement effective disaster recovery procedures.
- Enhance data management and compliance.

**SITL's Approach:**

- Implemented and maintained a Hybrid Data Availability & DR solution.
- Deployed Veritas backup solutions within the bank's environment.

## Case Study 3: 360° Threat Mitigation for Large Public Sector Bank

**Client:** One of the largest public sector banks in India with 86,000 employees.

**Challenge:** The bank sought to bolster its overall cybersecurity posture, encompassing threat mitigation, proactive protection, and ongoing environment maintenance and compliance.

**SITL Solution:** SITL acted as the cybersecurity consultant, collaborating with bank leaders to implement a comprehensive 360° threat mitigation strategy. This strategy offered the bank:

- Enhanced protection against a wide range of cyber threats.
- Proactive security measures to prevent attacks.
- Continuous environment maintenance and compliance adherence.

**SITL's Approach:**

- Collaborated with bank leaders to understand their security needs.
- Implemented and maintained a robust security environment using Broadcom and Veritas solutions.
- Ensured ongoing compliance with relevant regulations.



# Delivery Excellence

## GenAI Adoption

Sonata Software is driving the adoption of GenAI across its top accounts and projects to enhance productivity, quality, cycle time, cost efficiency and customer retention. Leveraging Sonata's Responsible-first AI Platform, Harmoni.AI, the company aims to demonstrate tangible business growth by integrating AI capabilities into its service offerings. Furthermore, Sonata has undertaken a comprehensive capability development initiative to equip its workforce with GenAI expertise through Level 1 and Level 2 training and certification programs. Progress of GenAI adoption is at various stages of maturity among different business unit and accounts.



## Process Maturity & Certifications

With its focus on innovation and excellence, Sonata has achieved significant milestones in quality assurance and process maturity. The company has been successfully appraised at Maturity Level 5 on the new version of CMMI 2.0 DEV, marking the fifth consecutive appraisal at the highest maturity level. This appraisal, conducted by QAI Global Services, acknowledges Sonata's commitment to implementing innovative practices such as Behavior Driven Development (BDD) and automation initiatives, resulting in faster delivery and superior product quality.

We have successfully completed the ISO9001: 2015 2<sup>nd</sup> Surveillance Audit for Sonata Software Ltd. by Bureau Veritas. ISO27001 1<sup>st</sup> Surveillance-cum-Site addition audit with inclusion of Encore IT Services Solutions Chennai was successfully completed under One Sonata Umbrella for ISO27001 Certification.

For Sonata Information Technology Limited (SITL), we have successfully completed the 2<sup>nd</sup> surveillance audit for ISO27001:2013 and ISO20000-1:2018. The annual progress audit for Azure Expert MSP Certification has been completed successfully.

## Knowledge Sharing

To foster a culture of knowledge sharing and celebration, Sonata has introduced initiatives such as VISTAS (Victory Stories at Sonata) application and Sonata Stories communication platform. These platforms facilitate the sharing of success stories and recognition of employees' contributions to customer success, thereby fostering employee engagement and motivation. Key people who contributed for case study submission were trained through a professional business storytelling partner.

A monthly communication series to publicize the celebration of Sonatians' contribution success stories for the customers is continuing.

## Reuse

Additionally, Sonata has launched K-Harness, a reusable Asset Management Application, to streamline asset management processes and improve productivity across projects and competency teams. By providing a centralized platform for submitting, searching, and tracking reusable assets. The application is designed to provide a collated view of all reusable assets within Sonata and aimed at improving productivity and accelerating delivery timelines with consistent quality.

## Customer Satisfaction

Customer satisfaction remains a top priority for Sonata, as reflected in its impressive, aggregated Customer Satisfaction (CSAT) score of 4.3 out of 5. We have engaged with professional third-party survey partners to conduct Net Promoter Score (NPS) surveys, ensuring an independent assessment of client perceptions and experiences. This would underscore Sonata's commitment to understanding client needs and delivering value-added services besides benchmarking performance against the industry leaders.





# Project Excellence

- For a Global leader in Conveying, Power Transmission and Fluid Power Solutions, Sonata Software has deployed a streamlined digital solution using Dynamics 365 finance and operations modules, featuring over 10 automated interfaces, intricate one-dimension cut production processes, and dynamic bill of material calculation for configurable customer orders. This solution has optimized inventory and raw material consumption, enhanced yields and reducing scrap, standardization and optimization of business processes and enhanced average response time for customer queries on pricing, discounts, and shipping schedules.
- Sonata Software has designed, developed and deployed a Dynamics 365 F&O based transformative solution with simple but elegant flat file integrations for trading partners, along with AI-Builder for OCR and SK's e-Treasury Automation Suite for a US based largest food distribution cooperative network. The client was having a 30-year-old AS400 system that was becoming very expensive to operate and very limiting in terms of expansion capabilities and solution provided following benefits: Modernized platform with enhanced user experience, interactive real-time data reports and seamless integration with banking systems.
- For a leading German leisure, travel and tourism company, Sonata Software has implemented a Managed Service solution based on AWS Managed Apache Airflow (MWAA) which reduced substantial operational and maintenance overheads and provided a highly scalable, available, and resilient infrastructure, built to handle large workloads and spikes in demand and significantly reduced overall cost by pay for actual usage "pricing model".
- For an American multinational corporation manufacturing medical devices, pharmaceutical, and consumer packaged goods, Sonata Software has created an Automation Suite using robust framework for Laboratory Information Management System for frequent test execution and overnight execution of full regression to provide consistent and reliable test results. The customer is observing significant reduction in test scripts execution time and effort, resulting in huge savings.
- For a cloud-based learning and human capital management software company, Sonata Software has established various PODs and supports their LMS and Edcast Products by modernizing the user experience, enhancing accessibility experience to specially enabled persons adhering to WCAG standards, reducing the sustenance backlog, and enabling speedy response time for their customer issues and new product features.
- For a leading consumer products company specializing in manufacturing of kitchen and household essentials, Sonata Software has established a GenAI Center of Excellence to harness the power of GenAI and automation for real-time insights and make data-driven strategies for driving better customer experience and operations. We deployed GenAI based solutions for Trade Deals Analysis and Call Transcripts Analysis, demonstrating the potential of GenAI to optimize operations. Delivered a dedicated platform (Playground) for employees to learn, test, and collaborate within a secure framework by integrating Harmoni.AI, Sonata's Responsible-first AI framework for GenAI projects use Microsoft Azure OpenAI and AWS Bedrock.
- For a large Canadian tire dealer and automotive service provider, Sonata Software deployed a robust and innovative solution for integration of EPOS payment terminals with Dynamics 365 using Azure cloud services to work with existing hardware with enhance security and minimal latency in handling high volume transactions, slashed average transaction times to an impressive 2.5-4 seconds, facilitating a faster and more seamless business operation and achieved significant savings by reducing POS Service time almost by 100% and was able to support increasing customer queue resulting in substantial reductions in RDS CALs & license costs.

# Marketing Initiatives

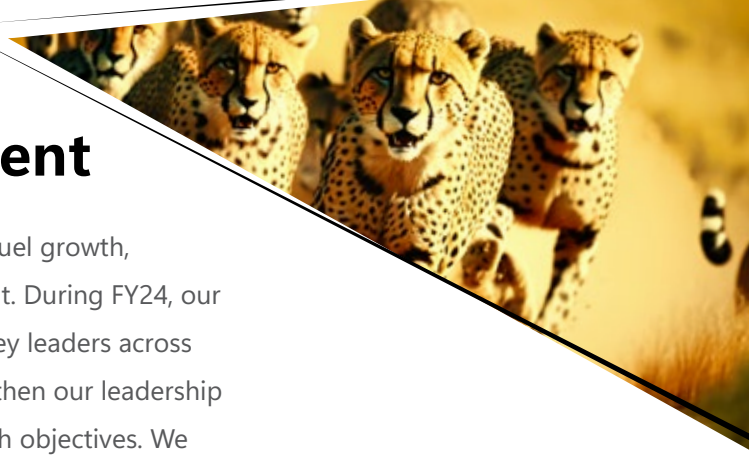
Brand is the most valuable intangible asset for a company and FY24 witnessed significant strides to position Sonata Software as a leading Modernization Engineering company, powered by our unique Platformation™ framework.

## Highlights of Strategic Brand-enhancing Initiatives during FY24.

- As part of 'One Sonata' initiative, we completed the brand roll out across our subsidiaries: Sonata Encore, Sonata Scalable and Sonata GBW. They now operate under the umbrella brand - Sonata Software. One of the key advantages of operating under one umbrella brand is that it allows us to leverage the reputation and goodwill that an umbrella brand enjoys, across the globe. Also, this move makes our marketing spends more cost-efficient.
- Sonata Software made a significant marketing push around Sonata Harmoni.AI, and its offering in GenAI space. Our Responsible-first AI's positioning resonated well amongst the leading enterprises, globally.
- Sonata Software launched a high decibel campaign around Microsoft Fabric to gain first-mover advantage. Fabric is a data analytics platform, for the era of AI.
- Sonata Software's new website, designed and executed by the internal creative team, received significant attention and appreciation from the stakeholders.
- Sonata Software received multiple recognitions from leading analyst firms like Everest Group, HFS for its solutions in GenAI, Cloud Modernization, Data Modernization, and Dynamics space.
- Sonata organized its bespoke event in USA, UK, Ireland, Europe and ANZ. It also participated in Industry events in USA to increase mindshare and demand among clients and prospects.
- Sonata Software's Official LinkedIn handle witnessed a 50% jump in followers. Our posts on LinkedIn enjoyed industry-best engagement rate i.e., 200 likes per 1 Lakh followers vis-à-vis industry average of 40-50 likes.
- Sonata Software's Careers section, on its corporate website, witnessed 186% jump in traffic.
- Sonata's press coverage witnessed multi-fold increase in the Tier 1 publications of India.
- Marketing supported multiple org-wide initiatives like D&I, Sonata Spark, Sonata Tech Fest, Sonata 5K Marathon to build mindshare, interest and participation among Sonatians.
- Sonata Software's 'Play Big' campaign caught the imagination of the stakeholders, both internally and externally.
- Thought leadership articles, authored by our CTO, CDO, CHRO and key SMEs (Subject Matter Experts) in Cloud, Data and GenAI space, got published in India and USA.

**Our Annual Report 2022-23 bagged Gold at Big Bang Awards for its Design.**





# Human Capital Development

Our commitment to invest in human capital development to fuel growth, continues in the form of attracting, retaining and skilling talent. During FY24, our company had a net addition of ~200 talent. Further, several key leaders across different functions were onboarded globally to further strengthen our leadership pipeline, which set us on course to deliver our strategic growth objectives. We also invested significantly in training and skilling of our talent pool.



## Key Additions to the Senior Leadership Team During FY24

**Sharmila Sherikar**  
SVP, Head – Corporate Development

**Shiva Venkata Subramaniam Gade**  
Head (Delivery) – Platinum Accounts

**Sanjeev Bathla**  
Head (Sales) – Platinum Accounts



# Learning and Development

Recognizing the importance of continuous learning and upskilling of talent in today's context, our company launched Sonata University in partnership with some of the best content and platform partners making available world-class learning programs of high quality. Twenty tech academies aligned with industry-relevant competencies were created under Sonata University. These learning journeys cater to role-specific skills and certification requirements of our people for both existing and emerging digital technologies like AI, Data, Cloud, Microsoft Fabric. Sonata's case study on these digital skilling Initiatives has been shortlisted for the NASSCOM compendium.

Our signature Unified Engineering Programs (UEPs) continue to train, assess and certify technology professionals who help customers with their Modernization programs. The digital full-stack Unified Engineering Programme (UEP 2.0) with more than 1280 modules was launched in Q3 with specific focus on AI and GenAI. More than 95% of eligible employees are currently pursuing these journeys.

Five academies for professional skills including managerial and leadership were created with curated learning journeys added to meet the critical soft/behavioral skill requirements of team members.

It is a matter of great pride that as per the latest report shared by Skillsoft, whose e-learning platform we have signed up for, our company ranks higher than its peer companies on almost all parameters. Our registered learner participation rate is three times that of our peers; average badges per learner is twice that of our peers; certification programs accessed by learners is twice that of our peers to name a few. Around 85% of those registered are active users. In addition, more than a quarter of our talent have gained reputed external certifications in FY24. We continue to invest heavily in training our campus recruits through an extended program for faster readiness.

Our Top Talent Development program called A.I.M. Higher Program was inaugurated during the fiscal year with a formal program to Attract, Inspire and Modernize talent to develop them into well-rounded management professionals who can take up higher roles. Similarly, the Engagement Leadership Program (ELP) has been designed and implemented to identify and groom top talent for key business roles.



# Diversity and Inclusion

We made significant strides in furthering our D&I charter under the able guidance of the Global D&I Council. D&I policy was launched and programs and practices have been put in place to increase gender and ethnic diversity; significant efforts and attention from the leadership team ensures regular review on how the D&I Policy and strategy are being implemented. In FY24, our company engaged an independent external agency to assess the effectiveness of Diversity and Inclusiveness policies and practices. It was heartening to note that the survey reported a remarkable score of 85/100 as the inclusion score with respectful culture, managers promoting diversity and inclusion, commitment to career development and valuing diverse opinions and perspectives as the top-most performing parameters.

Our continued focus on building a diverse talent pipeline resulted in more than 30% of talent onboarded being gender/ethnically diverse. In addition to this, we take pride in having a geographically diverse workforce with talent belonging to more than 18 nationalities.

**We have significantly increased the representation of women colleagues in the Middle Management and Senior Management cadres this fiscal year.**

We further established the global structure and regional chapters for SWAN (Sonata Women Advocacy Network). SWAN serves as a platform for women colleagues within Sonata to connect, empower each other, and advocate for equity and equality in the workplace. Through SWAN, we are building allyship and creating a supportive community where everyone feels valued and heard. The SWAN network has now gone global with chapters being opened in every continent.

The International Women's Day celebrations were a hallmark with overwhelming participation across the board and rave reviews. Led by SWAN, we celebrated International Women's Day with a week-long series of events this year, focusing on the theme of #InspireInclusion. The celebration included a fireside chat discussing challenges, solutions, and allyship in promoting equity and inclusion. A Women Appreciation Week recognized the achievements of women professionals, and an on-ground bonding event was attended by large number of women Sonatians across various locations. The events provided opportunities for networking, bonding, and sharing experiences, emphasizing the importance of inclusion, equity, and empowerment for women in the workplace.

Playing Fair, a specially designed training program for managers to increase awareness about biases at the workplace and how to minimize them, was conducted across the organization.



# Corporate Social Responsibility

## Our Focus Areas

Our overall CSR vision aims to enhance value creation in the community by promoting sustained growth in society and the community through Sonata's services, conduct, and initiatives. The CSR vision aims to operate the business in an economically, socially, and environmentally sustainable manner while recognizing the interests of all stakeholders, including the community. We hold the belief that all sustainable objectives are interconnected. Actions taken in one realm inevitably impact outcomes in others; therefore, development should strive to harmonize social, economic, and environmental sustainability. Our focus areas include:

**Diversity and Inclusion:** Our commitment to D&I shines through our comprehensive societal initiatives. From educational and healthcare support to livelihood interventions, we champion inclusivity, fostering a more diverse and equitable society where everyone can thrive and contribute to collective prosperity. We have provided telecare healthcare support to LGBTQ community, special education to hearing-impaired students, mental health support to underprepared community etc.

**Digital Skilling:** As a technology-driven enterprise, we prioritize empowering underprivileged students with essential digital skills. Through tailored programs encompassing Java development, data analytics, and cybersecurity, we cultivate a pool of skilled individuals, bridging the digital divide and equipping them for successful careers in the evolving tech landscape.

**Environment:** Our dedication to environmental conservation is evident in our impactful CSR projects. From extensive tree plantation efforts to the development of sustainable forests, water conservation initiatives, and wildlife preservation endeavors, we are committed to safeguarding our planet for future generations, ensuring a harmonious balance between progress and ecological preservation.



# Highlights of Projects Aimed at Achieving Sustainability Goals

**Centum Foundation:** This initiative focuses on promoting diversity and inclusion through IT skills training. With 500 beneficiaries, including women and differently-abled individuals, the project aims to enhance employability among underserved youth. By fostering diversity in the IT sector, it strives to create a more inclusive and equitable workforce.

**WOTR:** Under this project, the emphasis lies on water conservation through watershed management. The impact is substantial, with 74.24 million liters of additional water harvesting potential established. Over 65 hectares of land now have irrigation potential, benefiting 450 individuals. Improved agricultural productivity has elevated the annual income of rural communities by 10%.

**Farmers for Forest:** The project, facilitated by the Efficient Ecosystem Protection Association, focuses on planting 5000 trees in Nriyagram. The impact is significant, with an estimated sequestration of 3000 tonnes of carbon dioxide over 20 years, equivalent to nearly 150 tonnes annually. Additionally, biodiversity in the area has surged by 200%, incorporating vulnerable and endangered species into the ecosystem.



**Agastya International Foundation:** This project spearheads the development of the Welearn App, providing technical assistance. The project brings practical education to rural school students, bridging educational gaps. With an impressive 290,183 beneficiaries, the app facilitates widespread access to quality learning resources, empowering students for a brighter future.

**Industree Crafts Foundation:** This initiated the development of an online repository, the Co-Create app, for artisans to store their designs and products. This endeavor fosters the preservation of cultural heritage by documenting traditional art forms. Moreover, it empowers artisans by offering a platform to highlight their work, enhancing their visibility and creating economic opportunities.

# Segment-wise Overview

The company is engaged in providing IT services and solutions to customers globally, with a presence in the USA UK, Europe, ANZ, APAC, and distribution of software products in India. The company's consolidated operations include Indian and overseas subsidiaries under two distinct segments:

- International IT Services contributed 31% of total revenues and 66% (before exceptional items) of PAT
- Domestic Products and Services contributed 69% of the total revenues and 34% (before exceptional items) of PAT

During the year, the International IT Services revenues stood at ₹267,958 Lakhs (USD 323.6M) an increase of 39.5% on Y-o-Y basis. Domestic products & services revenues stood at ₹595,054 lakhs. The total consolidated revenue stood at ₹861,306 lakhs a growth of 16% on Y-o-Y basis.

The company added 45 new logos during the year across verticals and regions in the International Services segment.

From a geographical perspective, Sonata Software's services revenues were contributed by different regions. The USA accounted for 70% of the services revenues, followed by Europe (including the UK) contributing 14%, and the Rest of the World (RoW) making up the remaining balance. In terms of verticals, HLS contributed 12% of the revenues, TMT contributed 30%, RMD contributed 36%, Emerging contributed 6%, and the remaining 17% came from the BFSI sector.

# Financial Overview

## Consolidated Financial Highlights

The Company is engaged in the business of providing IT Services and Solutions to its customers in the USA, UK, Europe, ANZ, APAC, and distribution of software products in India. The Company's consolidated operations include Indian and Overseas subsidiaries under the two distinct segments.

Below are the Consolidated Financial Highlights:

Particulars	2023-24 (₹ in Lakhs)	2022-23 (₹ in Lakhs)	Y-o-Y Growth
Total Income	873,861	751,994	16%
Revenue	861,306	744,912	16%
EBITDA	85,298	67,495	26%
Interest & Depreciation	21,694	7,767	179%
PAT	30,850	45,190	-32%
EPS	11.12	16.29	-32%

**Total Income:** Total income increased by 16% from ₹751,994 lakhs in 2022-23 to ₹873,861 lakhs in 2023-24 largely owing to the increase in revenue from international IT services and domestic products & services.

**EBITDA:** The EBITDA margin stood at 10% in 2023-24.

**Profit After Tax:** The Net Profit margin was at 4% in 2023-24.

**Interest and Borrowings:** The interest cost for the year 2023-24 is ₹8,501 lakhs, out of which interest expense on lease liability as per Ind AS 116 is ₹871 lakhs. The Company had a net cash balance of ₹85,376 lakhs (including investment in Mutual Funds and net of bank borrowing repayable in one year).

**Capital Employed:** The Capital Employed is ₹208,059 lakhs in 2023-24. The Return on Average Capital Employed (RoCE) for the year ended 31<sup>st</sup> March, 2024 was reported at 29% as against 35% for the year ended 31<sup>st</sup> March, 2023.

**Net Worth:** The net worth is ₹140,629 lakhs in 2023-24. The Return on Average Net Worth (RONW) for the year ended 31<sup>st</sup> March, 2024 was reported at 23% as against 38% for the year ended 31<sup>st</sup> March, 2023.

**Fixed Assets:** The Company's fixed assets which includes property, plant, equipment, intangibles and goodwill is ₹178,232 lakhs as at 31<sup>st</sup> March, 2024 and accumulated depreciation/amortization as at 31<sup>st</sup> March, 2024 is ₹19,229 lakhs.



# Standalone Financial Highlights

Particulars	2023-24 (₹ in Lakhs)	2022-23 (₹ in Lakhs)	Y-o-Y Growth
Total Income	128,434	108,054	19%
Revenue	95,030	92,086	3%
EBITDA	40,582	28,964	40%
Interest & Depreciation	2,605	2,547	2%
PAT	35,880	22,037	63%
EPS	12.93	7.94	63%

**Total Income:** Income increased by 19% from ₹108,054 lakhs in 2022-23 to ₹128,434 lakhs in 2023-24.

**EBITDA:** EBITDA increased by 40% from ₹28,964 lakhs in 2022-23 to ₹40,582 lakhs in 2023-24.

**Profit After Tax:** Profit after Tax increased 63% from ₹22,037 lakhs in 2022-23 to ₹35,880 lakhs in 2023-24.

**Interest and Borrowings:** The interest cost for the year 2023-24 is ₹492 lakhs, out of which interest expense on lease liability as per Ind AS 116 is ₹372 lakhs. The Company had a Net Cash balance of ₹8,852 lakhs (including investment in Mutual Funds net of borrowings).

**Capital Employed:** The Capital Employed is ₹70,672 lakhs in 2023-24. The Return on Average Capital Employed (RoCE) for the year ended 31<sup>st</sup> March, 2024 was reported at 57% as against 39% for the year ended 31<sup>st</sup> March, 2023.

**Net Worth:** The Net Worth is ₹70,668 lakhs in 2023-24. The Return on Average Net Worth (RONW) for the year ended 31<sup>st</sup> March, 2024 was reported at 57% as against 39% for the year ended 31<sup>st</sup> March, 2023.

**Property, Plant and Equipment:** The Company's fixed assets which include property, plant, equipment and goodwill is ₹7,004 lakhs as of 31<sup>st</sup> March, 2024 and accumulated depreciation/amortization as at 31<sup>st</sup> March 2024 is ₹3,769 lakhs.

# Risks and Concerns

## 1. Volatile Global Political and Economic Situation

The current state of global politics and economics is marked by volatility. A significant portion of the company's revenue is tied to the discretionary spending of its clients, which in turn is influenced by their business outlook. Instances of political disruption or economic instability on a global scale can impact businesses worldwide, potentially leading to a decrease in client spending and limiting opportunities for revenue growth.

To address these challenges, Sonata is taking proactive measures by collaborating closely with clients and prospects as they reassess their strategies for geographic diversity and workload distribution. This collaborative effort aims to ensure business continuity in the face of uncertainties. Where feasible, negotiations are underway to explore offshoring and near-shoring opportunities, thereby optimizing operational efficiency and mitigating the impact of geopolitical and economic fluctuations.

## 2. Client Concentration

Client concentration risk refers to the potential threat posed by a disproportionate amount of revenue being generated from a limited number of clients.

To address this concern, the company has adopted a multi-faceted approach. Firstly, it has diversified its client base across various geographical locations, thus reducing reliance on any single client. Moreover, the Company continually monitors concentration risk within its direct core business and takes necessary steps to mitigate it.

### 3. Cyber and Privacy Risk

The industry faces increasing cyber threats from sophisticated attackers, including cyber criminals and nation-states.

To protect against these risks, the Company has implemented IT security frameworks based on NIST and deployed several technology solutions such as:

1. Endpoint protection and Endpoint detection to ensure a secure end-user environment.
2. Protection from internet threats by using a cloud-based SASE.
3. Additional email protection using AI-powered threat Intelligence.
4. Threat-hunting capability using SIEM.
5. Sonata has implemented organizational technical controls in line with ISO 27001 standards, certified for ISO 27001 since 2010, and Soc2 Type2 Assessed.
6. Additionally, a dedicated function focuses on employee security awareness programs to mitigate human error.

Despite global cyber incidents, the Company's operations remain unaffected due to these proactive and defensive measures.

### 4. The Transformative Impact of the Artificial Intelligence (AI) Revolution on Corporate Operations is Reshaping Traditional Business Practice

Generative AI has brought human-like ability and is poised to transform many areas of business. Sonata looks at this as an opportunity and has taken significant steps to build differentiated capabilities, IPs and partnerships.

GenAI, while bringing significant opportunities, also brings a new set of challenges for enterprise-wide adoption primarily around Data Privacy, IP, ethic, trust among others. To address this, Sonata has introduced Harmoni.AI as a Responsible-first approach. Sonata has also introduced a 4D framework to assess maturity and consult clients on their journey.

Harmoni.AI's enterprise platform will be used to design and deploy Responsible-first AI foundation, including building and management of data, hybrid LLM, deployment and fine tuning, building assets for AI-first process for Finance, HR, Legal and Marketing along with solutions for the verticals. We have trained significant employees on AI to enable them. Sonata is also a part of Microsoft's AI Council and is in partnerships with leading institutes.



# Outlook

In FY25, we anticipate three tailwinds and one potential headwind. The tailwinds include large deals, GenAI, and Microsoft Fabric, which are expected to contribute positively to our ambitious goals. However, there is a potential headwind due to softness in the BFSI vertical. We expect to stay in the top 25% of quartile performance in revenue and the top 10% of margin performance.

FY25 will witness a big push on our new bets – GenAI and Microsoft Fabric – while continuing to prioritize our "Invest Verticals" in BFSI and HLS while scaling presence in the RMD and TMT verticals.

With multitudes of opportunities across our key markets, we will make investments in our talent and infrastructure, both near shore and offshore, to enable the Modernization journey of our clients and to continue to deliver the industry's best-in-class growth for our company.

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



# Internal Control Systems

Our company has a proper and adequate system of internal controls. These controls ensure transactions are authorized, recorded, and reported correctly and assets are safeguarded and protected against loss from unauthorized use or disposition.

An extensive program of internal audits and management reviews supplements the process of the internal financial control framework.

To maintain its objectivity and independence, the Internal Auditor reports to the Chairperson of the Audit Committee of the Board.

The Audit committee defines the scope and authority of the Internal Auditor. The Internal Auditor monitors and evaluates the efficacy and adequacy of the internal control system in the Company, its compliance with operating systems, accounting procedures, and policies at all locations of the Company and its subsidiaries.

Based on the report of the Internal Auditor, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and the necessary corrective actions are presented to the Audit Committee.

The internal financial control framework design ensures that the financial and other records are reliable for preparing financial and other statements. In addition, the Company has identified and documented the key risks and controls for each process that has a relationship to the financial operations and reporting. The internal financial control framework entails the following:

- Authorization, Recording, and Reporting: Ensuring all transactions are properly authorized, accurately recorded, and reported in compliance with accounting standards and regulatory requirements.
- Safeguarding of Assets: Implementing controls to protect assets against loss, theft, or unauthorized use, including physical assets, financial assets, and intellectual property.
- Compliance with Regulatory Requirements: Adhering to all applicable laws, regulations, and standards relevant to the industry and geographic locations in which the company operates, including those set forth by regulatory bodies such as the Securities and Exchange Board of India (SEBI).
- Accuracy of Financial Reporting: Emphasizing the accuracy and integrity of financial reporting, including compliance with accounting principles and disclosure requirements prescribed by regulatory authorities.
- Risk Management: Identifying, assessing, and managing risks that could potentially impact the achievement of business objectives, including financial, operational, and strategic risks.
- Board Oversight: Providing oversight of the internal control system by the Board of Directors, including regular review and assessment of its effectiveness and responsiveness to emerging risks.
- Segregation of Duties: Implementing proper segregation of duties to prevent conflicts of interest and fraud, with clear delineation of responsibilities among different individuals or departments involved in financial transactions and reporting.

- Information Technology Controls: Implementing controls over information technology systems and data management processes to safeguard against cybersecurity threats, data breaches, and unauthorized access to sensitive information.
- Internal Audit Function: Describing the structure and responsibilities of the internal audit function, including its role in independently assessing the adequacy and effectiveness of internal controls and providing recommendations for improvement.
- Training and Awareness: Providing ongoing training and awareness programs to employees at all levels to ensure understanding of internal control policies and procedures and promote a culture of compliance and ethical behavior.
- Continuous Improvement: Emphasizing the importance of regularly reviewing and enhancing the internal control system to adapt to changing business environments, emerging risks, and regulatory requirements.
- External Assurance: Obtaining external assurance mechanisms or certifications to provide additional credibility to the internal control system, such as SOC reports, ISO certifications, or external audit opinions on internal controls over financial reporting.

At regular intervals, internal teams test identified key controls. The internal auditors also perform an independent check of the effectiveness of key controls in identified areas of internal financial control reporting. The Statutory Auditors Report includes a report on the internal financial controls over financial reporting.





# EMPATHY

Putting customers, teams and partners at  
the center of decision making

# BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the Twenty-Ninth (29<sup>th</sup>) Board's Report of your Company together with the Audited Standalone and Consolidated Financial Statements for the financial year ended 31<sup>st</sup> March, 2024.

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

## FINANCIAL RESULTS

Your Company's financial performance (standalone and consolidated) for the financial year ended 31<sup>st</sup> March, 2024 is summarized below:

₹ in Lakhs

Description	Standalone		Consolidated	
	Financial Year ended 31.03.2024	Financial Year ended 31.03.2023	Financial Year ended 31.03.2024	Financial Year ended 31.03.2023
Total Income	128,434	108,054	873,861	751,994
Total Expenditure	87,852	79,090	788,563	684,499
EBITDA	40,582	28,964	85,298	67,495
Depreciation and Amortization Expense	2,113	1,851	13,193	5,913
Finance Cost	492	696	8,501	1,854
Profit before Tax & Exceptional Items	37,977	26,417	63,604	59,728
Exceptional item	-	-	17,466	-
Profit before Tax	37,977	26,417	46,138	59,728
Total tax expense	2,097	4,380	15,288	14,538
PAT before non-controlling interest	35,880	22,037	30,850	45,190
Non-controlling interest	-	-	-	-
PAT after non-controlling interest (Net Profit)	35,880	22,037	30,850	45,190
Basic Earnings Per Share (in ₹)	12.93	7.94	11.12	16.29

## STANDALONE FINANCIALS

Total income has shown a growth of 19%. The Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) stood at 32% of Total Income and Net Profit at 28% of Total Income with Earnings Per Share at ₹ 12.93.

## CONSOLIDATED FINANCIALS

Total Income has shown a growth of 16%. The EBITDA stood at 10% of Total Income and Net Profit at 4% of Total Income with Earnings Per Share at ₹ 11.12.

Analyzing your Company's consolidated results by the two spheres it operates in, International IT Services contributed 31% of total revenues and 66% (before exceptional items) of Profit After Tax (PAT) while Domestic products and services contributed to 69% of the total revenues and 34% of PAT.

International IT Services total revenue is ₹ 267,958 lakhs, growth of 39.5% Y-o-Y and \$ 323.6 million in

US \$ terms with a growth of 34.3% in revenues. Your Company has managed to declare good results consistently because of its focus on serving and growing its existing customers, addition of 45 new customers throughout the Financial Year, and maintaining resource utilization at 87.4% over the Financial Year under review. The Domestic IT Products business grew by 7% on Y-o-Y basis to ₹ 5,950.5 crore.

Your Company during the Financial Year had a stronger consolidated Balance Sheet and has approximately ₹ 85,376 Lakhs of cash and cash equivalents, showing Return on Capital Employed (ROCE) of 28.8% (before exceptional items) and Earnings Per Share at ₹ 11.12.

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

## BUSINESS PERFORMANCE

FY24 was another year of industry-leading growth despite challenging macroeconomic conditions, geopolitical issues, and slowing down in tech spending across geographies in select verticals. In FY24, we surpassed US\$ 1 billion in consolidated revenue. Our objective is to be one of the fastest-growing modernization engineering company with a goal to achieve revenue of US\$1.5 billion by the end of FY26 at an International IT Services business EBITDA level of low-20s. We remain optimistic about our long-term vision and growth prospects.

Our big bets and continued investments are yielding significant results, positioning us well for future growth. The team is committed to accelerating the growth curve and building scale in terms of large clients, deals, markets, partnerships and talent.

We have continued to witness significant growth in 'Harvest Verticals' - Retail & Manufacturing, Telecom, Media & Technology (TMT) and 'Invest Verticals' - Banking, Financial Services, and Insurance (BFSI) & Healthcare and Life Science (HLS), where we foresee strong growth opportunities over the next 3-5 years.

During the year, we expanded our services in Mexico, Egypt and Malaysia; adding three new geographies to enhance our global reach and responsiveness to clients. We also consolidated our subsidiaries of GBW, Encore and Scalable under one Sonata company.

We continued to deepen our partnerships with leading hyper-scalers like Microsoft, AWS, Salesforce, ServiceNow and Snowflake. These joint GTMs (Go To Market) are enabling us to enhance our footprint across Cloud, Data, AI and Generative AI. Achieving Select Tier partner status from Snowflake further enables us to accelerate digital transformation for our joint customers.

Sonata made incredible progress towards the strategic initiatives and large deals:

We launched Harmoni.AI, a Responsible-first AI capability, providing a suite of industry solutions, service delivery platforms, and accelerators using generative AI. With over 70% of our engineers trained in these technologies, we are well-positioned to deliver tailored AI solutions to our clients. We have a pipeline of over USD\$65 million in AI across 90+ clients and prospects, expecting 20% of our revenue from AI services in next 3 years.

We became Microsoft's only SI Launch Partner (from India) for Microsoft Fabric, an advanced data analytics platform. Our dedicated team of over 300 data engineers is enabling customers to leverage this new end-to-end analytics SaaS platform, with significant demand build-up since its launch.

We secured multiple large deals across our focus verticals, with 3.2x increase in our large deal pipeline and 14 large deals closed during the year. These strategic modernization deals span a decade and involve end-to-end modernization and transformation, leveraging our expertise in Azure, AWS, Enterprise Data, Hyper-Automation, Cloud optimization, and CRM.



Quant Systems Inc., our historic acquisition, provided us a strong foothold in HLS and BFSI verticals, enhancing our capabilities in Enterprise Data Analytics, Cloud modernization, Cyber security, Salesforce, Data Privacy, Adobe, and Digital & Mobile App solutions. Quant is now fully integrated into your Company.

Sonata is a people-focused and talent-conscious company. We are recognized as the most preferred workplace in IT/ITES for 2023-24. We continued to invest in capability building with upskilling, cross-training, and certifications. Last year we had launched Sonata Career Academy for Learning Excellence (SCALE) to offer access to vast content and opportunities for Sonatians to learn using the latest technologies and remain relevant. It continues to thrive, with a 45% increase in enrollment and 42% of employees achieving Sonata UEP Certification.

Our commitment to diversity and inclusion is evident in our Global D&I Council's efforts to reach 35% gender diversity by FY26, with significant strides in senior management roles. Our SWAN (Sonata Woman Advocacy Network) initiative has expanded globally, and 93% of our new engineer trainees are women, reflecting our dedication to building a global and diversified workforce.

## INDUSTRY RECOGNITION

The Company has been named as the "Best Governed Company, Listed Segment: Emerging Category" at the 23<sup>rd</sup> ICSI National Awards for "Excellence in Corporate Governance".

The Company is featured in Major Contender Category in Everest PeakMatrix Assessment for Lending IT services 2023.

The Company is recognized in HFS Horizons as Enterprise Innovator for Generative AI Enterprise Services, Disruptor for Life Science Service Providers 2023, and as Trailblazer for Low Code Services 2023.

In terms of Financial performance, despite an uncertain macroeconomic environment, your Company, reported strong revenue growth in both the International IT Services and Domestic IT Products segments. The International IT Services business witnessed a growth of 40% on Y-o-Y basis to ₹ 2,679.6 crore, and the Domestic IT Products business grew by 7% on Y-o-Y basis to ₹ 5,950.5 crore. A detailed analysis of the Company's business performance also forms part of the Management Discussion and Analysis, a separate section in this Annual Report.

## HUMAN RESOURCE MANAGEMENT

Your Company continues to make investments in attracting and onboarding quality talent across levels and locations including new geographies such as Egypt, Malaysia and Mexico.

FY 24 assumes significance for your Company for being recognized as the Most Preferred Employer (IT/ITES) 2023-2024. This award is testimony to our people-centric philosophy and practices including investments in upskilling.

Our Return-to-Work program saw a very significantly large percentage of team members returning to office, mostly in a hybrid mode. This gave an impetus to increased in-person interactions, camaraderie, teamwork and belongingness.

We made significant strides in furthering our D&I charter including the launch of the D&I policy, SWAN employee resource groups, manager training and policies.

As your Company continues to scale and grow, it was important to clarify and convey our Ways of Working towards customers, team members, partners and other stakeholders through our AGILE framework which stands for Action, Growth, Integrity, Learning and Empathy.

With GenAI becoming an area of focus, we designed and deployed capability building programs at multiple levels to build a ready talent pool through trainings and certifications. In addition, to accelerate AI adoption within the Company, a tool was built and deployed to assist employees with queries and other information.

Further details are provided elsewhere in the Annual Report.

## CYBER SECURITY INITIATIVES

Your Company is dedicated to enhancing cyber awareness through training sessions and by offering cyber security materials (PDFs, presentations, videos) on its internal portal. Additionally, online information security quizzes are conducted for employees. Every new Sonata employee receives cyber security training as part of onboarding, ensuring all employees are equipped with cyber awareness.

## INFORMATION SECURITY & PRIVACY

Information security and privacy are foundational to our operations. Your Company prioritizes information security to ensure the confidentiality, integrity, and availability of our systems and data. It maintains a well-established Information Security Management System (ISMS) to manage and control information security risks effectively. Our ISMS encompasses policies, procedures, and organizational structures designed to protect our assets and meet regulatory and client security requirements.

Your Company holds key certifications and assessments, including:

- ISO 27001 Certified for Information Security Management System (ISMS).
- ISO 20000 Certified for IT Service Management.
- CMMi Assessed for maturity in development and service delivery processes.
- Entity-wide SOC 2: Comprehensive assessment covering security, availability and confidentiality.

These certifications underscore our commitment to best practices and continuous improvement in managing information security risks, ensuring a secure environment for our clients and stakeholders.

Additionally, a detailed analysis of our operations, market performance, business outlook, risks, and senior leadership perspectives is included in the Management Discussion and Analysis section of this Annual Report, providing valuable insights for stakeholders.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

## DIVIDEND / TRANSFER TO RESERVES

In line with the practice of rewarding members, based on your Company's performance and future outlook, the Directors are pleased to recommend a final dividend of ₹ 4.4/- per equity share (post bonus issue) at 440% on par value of shares of ₹ 1/- each. This recommendation is subject to the approval of the shareholders at the ensuing Annual General Meeting ("AGM") and shall be subject to deduction of income tax at source.

The final dividend is in addition to the interim dividend. Your Board has already declared an interim dividend of ₹ 7/- per equity share (pre-bonus issue), which was paid out on 22<sup>nd</sup> November, 2023.

The total dividend for FY 2024 amounts to ₹ 7.9 /- per equity share (post bonus issue) and would involve a total cash outflow of ₹ 22,154 lakhs. The total dividend for FY 2023 was ₹ 15.75 /- per equity share and involved a total cash outflow of ₹ 22,083 lakhs.

If approved by the Members at the ensuing AGM, the final dividend will be paid on or after 13<sup>th</sup> August, 2024 to all those equity shareholders whose names appear on the Register of Members of your Company on 26<sup>th</sup> July, 2024 and to those whose names appear as beneficial owners in the records of the National Security Depository Limited and Central Depository Services (India) Limited on the said date.

Your Company has not transferred any amounts to reserve for the Financial Year ended 31<sup>st</sup> March, 2024. The dividend paid and recommended is in accordance with the Company's Dividend Distribution Policy.

## DIVIDEND DISTRIBUTION POLICY

As required under Regulation 43A of the Listing Regulations, your Company has Dividend Distribution Policy. The Policy is available on the website of the Company at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

## SHARE CAPITAL CHANGES PURSUANT TO BONUS ISSUE

During the year under review, the Board of Directors at their meeting held on 25<sup>th</sup> October, 2023, recommended issue of bonus equity shares, in the proportion of 1:1, i.e., 01 (One) new fully paid-up equity share for every 01 (One) existing fully paid-up equity share held. This bonus issue was approved by the shareholders vide a resolution dated 30<sup>th</sup> November, 2023 passed through postal ballot. Consequently 140,212,408 bonus shares were allotted on 13<sup>th</sup> December, 2023 to members whose names appeared on the register of members as on 12<sup>th</sup> December, 2023, being the record date fixed for this purpose.

Pursuant to the aforesaid issue of Bonus Shares, the Issued, Subscribed and Paid-up Equity Share Capital of your Company was increased from ₹ 140,212,408/- (Rupees One Hundred Forty Million, Two Hundred Twelve Thousand, Four Hundred & Eight only) divided into 140,212,408 (One Hundred Forty Million, Two Hundred Twelve Thousand, Four Hundred & Eight) Equity Shares of face value of ₹ 1/- each (Rupee One only) to ₹ 280,424,816/- (Rupees Two Hundred Eighty Million, Four Hundred Twenty-Four Thousand, Eight Hundred & Sixteen only) divided into 280,424,816 (Two Hundred Eighty Million, Four Hundred Twenty-Four Thousand, Eight Hundred & Sixteen) Equity Shares of face value of ₹ 1/- (Rupee One only) each due to allotment of 140,212,408 (One Hundred Forty Million, Two Hundred Twelve Thousand, Four Hundred & Eight) Equity Shares of face value of ₹ 1/- (Rupee One only) each.

## BOARD MEETINGS

During the year under review, the Board of Directors met six (6) times. The meetings were held on 3<sup>rd</sup> May, 2023, 13<sup>th</sup> May, 2023, 29<sup>th</sup> July, 2023, 25<sup>th</sup> October, 2023, 1<sup>st</sup> February, 2024 and 21<sup>st</sup> February, 2024. The maximum interval between any two meetings did not exceed one hundred twenty (120) days, as prescribed under the Companies Act, 2013 (the "Act").

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Pursuant to the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Surin Shailesh Kapadia (DIN: 00770828) and Ms. Mona Ninad Desai (DIN: 03065966), as Additional Director(s) designated as Independent Director(s) of the Company for a term of 5 (five) consecutive years with effect from 7<sup>th</sup> May, 2024 till 6<sup>th</sup> May, 2029, respectively, and also proposed re-appointment of Mr. Sanjay K Asher as an Independent Director for a second term of five consecutive years w.e.f. 8<sup>th</sup> August, 2024 till 7<sup>th</sup> August, 2029, subject to the approval of the shareholders of the Company.

Mr. Pradip Shah and Ms. Radhika Rajan will cease to be Directors of the Company with effect from 10<sup>th</sup> August, 2024 and 12<sup>th</sup> August, 2024, respectively, upon completion of their second tenure as Independent Directors. The Board places on record its sincere appreciation for their invaluable contribution and guidance steering the Company towards growth and success.



## POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

## INDEPENDENT DIRECTORS

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

As required under Section 149(7) of the Act, all the Independent Directors on the Board of your Company have given their respective declarations that they fulfill and meet the criteria of independence as laid down in Section 149(6) of the Act, read with Regulation 16(1)(b) and Regulation 25(8) of Listing Regulations. There has been no change in the circumstances during the year under review affecting their status as Independent Directors of your Company. The list of key skills, expertise, and core competencies of the Board, including the Independent Directors, is provided elsewhere in this Annual Report.

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

## DIRECTORS' RESPONSIBILITY STATEMENT

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

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

## MATERIAL CHANGES AND COMMITMENTS

During the year under review and upto the date of this Report, there has been no material change and commitment affecting the financial position of your Company.

## AMALGAMATION OF ENCORE I.T. SERVICES SOLUTIONS PRIVATE LIMITED WITH YOUR COMPANY

The Board of Directors on 7<sup>th</sup> May 2024, approved the Scheme of Amalgamation of Encore I.T. Services Solutions Private Limited ("Encore"), a wholly-owned subsidiary, with your Company. Intimation was submitted to the Stock Exchanges on the same date. The amalgamation petition will be filed before the concerned Hon'ble NCLTs Bench for the same. This amalgamation aims to achieve operational efficiencies, reduce administrative costs and enhance strategic focus. The Appointed Date under the Act, for the amalgamation is 1<sup>st</sup> April, 2024, whereas the Effective Date will be upon filing certified copies of the NCLT orders to the concerned Registrar of Companies. The shares of Encore held by your Company will be cancelled and no new shares of your Company shall be issued or allotted to any person whatsoever in lieu thereof. All assets & liabilities and employees of Encore will transfer to your Company upon the Scheme coming into effect. Encore's authorized share capital will also merge with the authorised share capital of your Company. Further, as per the provisions of the Act, Encore will stand dissolved without winding up upon the Scheme coming into effect.

## AUDIT COMMITTEE

Pursuant to the provisions of Section 177 of the Act and Regulation 18 of Listing Regulations, the Audit Committee of the Board as at 31<sup>st</sup> March, 2024, comprised of Mr. Pradip P Shah, Chairman, Mr. S B Ghia, Ms. Radhika Rajan and Mr. Sanjay Asher as its Members. The Committee met Six (6) times during the year under review and recommendations made by the Audit Committee, during the Financial Year have been accepted by the Board.

## NOMINATION AND REMUNERATION COMMITTEE & STAKEHOLDERS RELATIONSHIP COMMITTEE

Pursuant to the provisions of Section 178 of the Act and Regulation 19 of Listing Regulations, the Nomination and Remuneration Committee of the Board as at 31<sup>st</sup> March, 2024, comprised of Mr. Sanjay Asher, Chairman, Mr. Viren Raheja and Mr. Pradip P Shah as its members. The Committee has laid down a policy for remuneration of Directors, KMP and other Employees. A copy of the Policy is available on the website of your Company <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

The composition of the Nomination and Remuneration Committee comprises of independent and non-executive directors. The Committee met four (4) times during the year under review.

Pursuant to the provisions of Section 178 of the Act and Regulation 20 of Listing Regulations, the Stakeholders Relationship Committee of the Board as at 31<sup>st</sup> March, 2024, comprised of Mr. S B Ghia, Chairman, Mr. P Srikar Reddy, Ms. Radhika Rajan and Mr. Samir Dhir as its members. The Committee met four (4) times during the year under review.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee as at 31<sup>st</sup> March, 2024, comprised of Ms. Radhika Rajan, Chairperson, Mr. P Srikar Reddy, Mr. S B Ghia and Mr. Samir Dhir as its members. The Committee met four (4) times during the year under review. The brief outline of the Corporate Social Responsibility (CSR) Policy of your Company and the initiatives undertaken by your Company on CSR activities during the year are set out in **ANNEXURE III** of this Report as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

## RISK MANAGEMENT COMMITTEE

The Risk Management Committee as at 31<sup>st</sup> March, 2024, comprised of Mr. Pradip P Shah, Chairman, Mr. Viren Raheja, Mr. P Srikar Reddy and Mr. Samir Dhir as its members. The Committee met three (3) times during the year under review.

The terms of reference of all Committees of the Board and the details of attendance in their respective meetings are set out in the Corporate Governance Report forming part of the Annual Report.

## RISK MANAGEMENT

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

Further, the detailed discussions on risks and concerns perceived by the Management and the strategies thereof are enumerated in Management Discussion and Analysis, which forms part of the Annual Report.

## VIGIL MECHANISM

Your Company has established a Vigil Mechanism and Whistle Blower Mechanism for receiving and redressing complaints from employees and Directors, as per the provisions of Section 177(9) and (10) of the Act. Regulation 22 of the Listing Regulations and Regulation 9A of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

The said Mechanism which, 'inter alia', also provides for direct access to the Chairperson of the Audit Committee in cases that require reporting about the unethical behaviour, actual or suspected fraud or violation of code of conduct laid down by your Company. This mechanism is governed by Vigil Mechanism Policy which covers unethical behaviour, actual or suspected fraud, theft, bribery, misappropriation of Company's funds, financial reporting violations, misuse of intellectual property, mismanagement, significant environmental, safety or product quality issues, discrimination or harassment including sexual harassment, Insider Trading, actual or potential conflicts of interest, violation of Company's rules, Company's Policies or violation of Code of Conduct of your Company.

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

The Vigil Mechanism Policy can be accessed through <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

## SUBSIDIARY COMPANIES, ASSOCIATES AND JOINT VENTURES

As on 31<sup>st</sup> March, 2024 your Company had 26 subsidiaries (including Gapbuster Limited and Gapbuster Europe Limited which have been hived up and in process of closure). The statement pursuant to the Section 129(3) of the Companies Act, 2013, containing salient features of the Financial Statements of your Company's Subsidiaries in Form AOC-1 is given in ANNEXURE I of the report. Audited financial statements together with related information and other reports of each of the subsidiary companies have also been placed on the website of your Company at [www.sonata-software.com](http://www.sonata-software.com).

The Consolidated Financial Statements of your Company and its Subsidiaries viz., Sonata Information Technology Limited, India, Sonata Software Solutions Limited, India, Encore I.T. Services Solutions Private Limited, India, Sonata Software North America Inc., USA, Sonata Software Intercontinental Limited, Ireland, Sonata Software GmbH, Germany, Sonata Europe Limited, UK, Sonata Software (Qatar) LLC, Qatar, Sonata Australia Pty Ltd. (formerly known as Scalable Data Systems Pty Ltd.), Australia, Sonata Software LLC, (formerly known as Sopris Systems LLC), USA, Encore Software Services Inc., USA, Sonata Software Canada Limited, Canada, Sonata Latin America S. de R.L. de C.V, Mexico, GAPbuster Limited., UK, GAPbuster Europe Limited, UK,



GAPbuster Inc., USA, GAPbuster Worldwide Pty Limited, Australia, Sonata Software Japan KK (formerly known as Kabushiki Kaisha GAPbuster Japan), Japan, Sonata Software (Shanghai) Co. Ltd. (formerly known as GAPbuster China Co. Ltd.), China, Sonata Software Worldwide Malaysia Sdn. Bhd. (formerly known as GAPbuster Worldwide Malaysia Sdn. Bhd.), Malaysia, Quant Systems Inc., USA, Quant Cloud Solutions Private Limited, India and Quant Systems CRC Inc. Sociedad de Responsabilidad Limitada (CRC LLC), Costa Rica, Woodshed LLC, USA duly audited/ unaudited/reviewed are presented as part of this Report in accordance with the Act, Ind-AS 110 and the Listing Regulations, wherever applicable.

During the year under review, your Company has incorporated a subsidiary in Malaysia named Sonata Software Malaysia Sdn. Bhd.

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

In terms of the said Policy as per financial statement for the year ended 31<sup>st</sup> March, 2024, Sonata Information Technology Limited and Sonata Software North America Inc., USA, are considered as material subsidiaries whose income exceeds 10% of the consolidated income of your Company in the financial year 2023-24. Further details on the subsidiary monitoring framework have been provided as part of the Corporate Governance report.

## EMPLOYEE STOCK OPTION PLAN ("ESOP")

Your Company has an Employee Stock Option Plan, 2013 in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014, as amended. The principal objectives of this Plan are to:

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

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

As required under the ESOP Regulations, the applicable disclosures regarding the details of options granted, number of shares arising as a result of exercise of options, etc., as on 31<sup>st</sup> March, 2024 are uploaded on the website of your Company [www.sonata-software.com](http://www.sonata-software.com).

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

## SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed Mr. Parameshwar G Hegde, Practicing Company Secretary as the Secretarial Auditor for the Financial Year 2023-24 to conduct Secretarial Audit of your Company. The Secretarial Audit Report in **Form MR-3** for the Financial Year ended 31<sup>st</sup> March, 2024 is annexed to this Report as **ANNEXURE II**. The Report does not contain any qualifications, reservations or adverse remarks.

## MAINTENANCE OF COST RECORDS AND APPOINTMENT OF COST AUDITOR

For the year under review, the provisions of Companies (Cost Records and Audit) Rules, 2014 were not applicable to your Company.

## STATUTORY AUDITORS

B S R & Co. LLP, Chartered Accountants, Bengaluru, (Firm Registration No. 101248W/W-100022) were appointed as Statutory Auditors of your Company from the conclusion of Twenty Seventh (27<sup>th</sup>) Annual General Meeting (AGM) held on 24<sup>th</sup> June, 2022, till conclusion of Thirty Second (32<sup>nd</sup>) AGM to be held in the calendar year 2027, as required under Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014.

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

The Auditors' Report contains 'Unmodified Opinion' on the financial statements (standalone and consolidated) of your Company, for the year ended 31<sup>st</sup> March, 2024 and there are no qualifications, reservations or adverse remarks in their report.

## REPORTING OF FRAUDS BY AUDITORS

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

## SECRETARIAL STANDARDS

During the year under review, your Company has complied with all the applicable provisions of the Secretarial Standard 1 on Meetings of the Board of Directors & Secretarial Standard 2 on General Meetings issued by the Institute of Company Secretaries of India.

## ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, your Company has placed a copy of the Annual Return as at 31<sup>st</sup> March, 2024 on its website at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance> under heading Shareholders information.

## INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to the provisions of Section 124 (5) of the Companies Act, 2013 and IEPF rules, during the year under review, your Company has transferred the unclaimed and un-encashed dividends of ₹ 61,65,824. Pursuant to the provisions of Section 124 (6) of the Companies Act, 2013 and IEPF rules, 4,96,072 corresponding equity shares of ₹ 1/- each on which dividends were unclaimed for seven consecutive years were transferred as per the requirements of the IEPF Rules. The details of the resultant benefits arising out of said shares already transferred to the IEPF, year-wise amounts of unclaimed / un-encashed dividends lying in the unpaid dividend account up to the year, and the corresponding equity shares, which are liable to be transferred, are provided in the Shareholder information section of the Corporate Governance report and are also available on our website, at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

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

## KEY AWARDS AND RECOGNITIONS

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

### Analyst Recognitions:

- Disruptor in HFS Horizons for Data Modernization 2023.
- Major Contender in Everest Group Peak Matrix for Dynamics 365 Services 2023.
- Aspirant in Everest Group Peak Matrix for Cloud Services North America 2023.
- Aspirant in Everest Group Peak Matrix for Cloud Services Europe 2023.
- Disruptor in HFS Horizons - Retail and CPG Service Providers, 2023.
- Aspirant in Everest Group Peak Matrix for Supply chain IT Transformation Services for Retail and CPG 2023.
- Major Contender in Everest Group Peak Matrix for Lending IT services 2023.
- Enterprise Innovator in HFS Horizons – Generative Enterprise services 2023.
- Disruptor in HFS Horizons – Life Science services 2023.
- Enterprise Innovator in HFS Horizons – Low Code services 2023.

### HR Awards:

- Most Preferred Workplace 2023-24 in IT/ITeS by Team Marksmen for our distinctive work practices and workplace culture.

### Corporate Governance :

- Winner of 'Best Governed Company Listed Segment: Emerging Category' 2023 by the Institute of Company Secretaries of India (ICSI) for Excellence in Corporate Governance.

### Business :

- Member of the prestigious Inner Circle for Microsoft Business Applications for 2023/2024.
- Member of Microsoft AI Council.
- Member of NASSCOM AI Council.
- Member of NASSCOM AWS Council.

### CSR and Sustainability Awards:

- Received Bronze Medal from EcoVadis ESG Rating assessor for the company's ESG performance in FY23.
- Adjudged runner-up for Outstanding Demonstration of Sustainability by @INFHRA, India's premier industry body for the workplace fraternity.
- Received Certificate of Appreciation by ICSI Business Responsibility and Sustainability Awards, 2023

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

### A. Conservation of energy

The Company commits itself to energy saving, as stated in its Sustainability Policy, and is tirelessly trying to improve Energy saving within facilities. Being in the services sector, the Company does not have significant energy-intensive operations, but it has always sought ways to run more effectively and preserve energy, including the use of modern technology and innovation. Every effort has been made to increase energy efficiency, reduce waste, and save energy. Our Company continues to adopt the following energy-saving activities as part of a continuous practice of energy conservation:



- Operational optimization of engineering equipment during non-operational hours.
- Provided low-flow aerators for all hand washbasin sensor taps & provision of low-flow faucets at pantry & cafeteria dishwashing area.
- For AHUs provided back damper's which gets closed when one of the AHUs is switched off. This avoids the air leakage.
- Insulating the AHU area from the rest of the areas to increase the effective usage of cooling and to increase efficiency.
- Space Temperature Set-points changed to 24<sup>o</sup> C.
- Optimizing DG A-Check frequency for reduction of emissions.
- Ensure complete removal of dead loads during weekends, including turning off or unplugging heating elements of vending machines, switching off lighting circuits, and cutting off all manually operated loads.
- Renewable energy is used for the electricity requirement of Sonata Global Village offices in Bengaluru. This is a testament to the Company's commitment to reducing the carbon footprint.
- The washroom water management system named HUIDA helps to reduce the water consumption significantly.

## B. Technology absorption

During the year under review, Sonata intensified its efforts to strengthen competencies in emerging technologies such as Dynamics, AI, and Data, with a focus on modernization services. Our strategic priorities encompass large deal constructs, multi-cloud capabilities, modernization of data infrastructures, and cloud services. Central to our approach is the Modernization Engineering Framework, which empowers enterprises to build digital businesses, interconnected platforms, and ecosystems, delivering measurable benefits across efficiency, agility/growth, and future-readiness.

We enhanced our delivery models to integrate AI throughout software development and deployment processes, leveraging the innovative AI platform, Harmoni.Ai. This suite of tools automates various tasks, streamlining modernization initiatives. Sonata's Responsible First approach uniquely positions us to guide enterprises in adopting Generative AI for sustained advantages, recognized by clients, partners, and analysts. Our leadership in this area is underscored by membership in Microsoft's AI Partner Council, a distinction held by select global partners.

Our largest practice, Dynamics, expanded into continuous modernization and compete migrations, which will remain focal points in the upcoming fiscal period. We have cultivated expertise in Microsoft Fabric, a cornerstone of our data modernization offerings, making Sonata one of the leading global partners in this domain. We have also revamped our service portfolio to include modern engineering services, supporting customers in their Digital Assurance and DevOps journeys with an AI-driven approach, utilizing assets like IntellQA. Strategic investments in new capabilities such as ERPs, global business services, and automation underscore our commitment to innovation and client success.

## C. Foreign exchange earnings and Outgo

During the year under review, 91% of the revenue came from exports of developed software and related services to clients mainly in USA, UK, Europe, Australia, Germany, UAE and Japan.

Foreign Exchange outgo on account of travelling, professional and legal charges, subsistence/living costs, overseas salaries, capital goods, etc. was ₹ 14,637 Lakhs and Foreign Exchange inflow on account of export of software services (net), goods and other operating revenues was ₹ 86,352 Lakhs.

## PUBLIC DEPOSITS

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

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

Your Company is committed to provide a healthy environment to all employees that enables them to work without the fear of prejudice and gender bias. The Company has in place a gender neutral Prevention of Sexual Harassment (POSH) Policy and framework in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("POSH Act"). Your Company through this Policy has constituted an Internal Committee (IC) for Redressal of complaints and mechanisms to prevent victimisation. Following are some of the programs and initiatives in place to train Employees and the IC for POSH during the year.

1. Each Employee is required to undergo a mandatory e-learning module on 'Prevention of Sexual Harassment at Workplace'.
2. All new joiners are trained in person on Prevention of Sexual Harassment during their induction program.
3. The IC Members are provided relevant training by an external expert.
4. The IC conducts quarterly meetings to monitor preventive measures and review complaints, if any.
5. The POSH Policy is available on the intranet portal for the employees to access as and when required.
6. Information about the Penal consequences of sexual harassment and information about the IC members and their contact details are available on the intranet portal and at conspicuous places in the office.

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

No complaints were received under this Policy during the Financial Year 2023-24.

## INTERNAL FINANCIAL CONTROLS

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

Assurance on the effectiveness of internal financial controls is done through management reviews and review by internal auditors and statutory auditors during the course of their audits. The internal financial controls provide reasonable assurance that they are designed effectively with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with Company's policies. The Audit Committee reviews the reports submitted by Internal Auditors, consider suggestions for improvement and thereafter take corrective actions.

Sonata's Management assessed the effectiveness of the Company's internal control over financial reporting as on 31<sup>st</sup> March, 2024, B S R & Co. LLP, the Statutory Auditors have audited the financial statements included in this Annual Report and have issued an attestation report on the Company's Internal Control over financial reporting.

The Audit Committee also meets Statutory and Internal Auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the Board of Directors informed of its observations periodically. Based on its evaluation, the Audit Committee has concluded that, as of 31<sup>st</sup> March, 2024, the Company's internal financial controls were adequate and operating effectively.

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

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

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the financial year under review, your Company had given Inter Corporate Deposits at prevailing bank lending rate to its wholly-owned subsidiary, Sonata Information Technology Limited for meeting its working capital requirements. The balance outstanding as on 31<sup>st</sup> March, 2024 is Nil. The maximum amount outstanding at any point of time during the Financial Year has been ₹10,370 Lakhs.

Also, your Company has given Corporate Guarantees on behalf of Subsidiaries for facilitating their business needs. The outstanding amount as on 31<sup>st</sup> March, 2024 is as below:

Name of the Subsidiary	Amount in ₹ Lakhs
Sonata Information Technology Limited, India	33,860

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The CSR policy is formulated by the Corporate Social Responsibility Committee and approved by the Board of Directors of the Company. The policy can be accessed at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

During the Financial Year, your Company has spent ₹ 3,22,91,449/- towards CSR activities. Your Company has a CSR Policy in place and as part of its implementation program(s), it has identified and participated in the following initiatives:

Your Company has supported Agastya International Foundation for their project - "STEP". Sonata has provided technical assistance for the development of the Student-Teacher Engagement Platform (STEP). This platform helps teachers to effectively engage with their students in rural areas through a chat platform for interaction.

Your Company has helped the Industree Crafts Foundation to build an Online Repository for Artisans to keep their designs and products. Sonata has provided technical assistance for the development of enhancements in the "Industree" online portal. The portal has been created and has a centralised Master Bank that maintains information about artisans and their artworks across India. Furthermore, Sonata has provided technical assistance for the development and enhancement in "Industree-Seller" and Channel App.

Your Company supported the Academy of Family Physicians of India (AFPI) for developing and enhancing its website for more features and effective organizational operation. Creating a platform for a repository for establishing the digital footprint of research scholars and training doctors in rural areas.

Your Company assisted ISDM (Indian School of Development Management) in providing technical assistance for the redesign of the existing ISDM website into a new website that will serve as a digital reflection of ISDM as an institution, encompassing all of its various facets, from the post-graduate program to strategic capacity building to research and building the body of knowledge on development management to the centers of excellence. ISDM acknowledges the need to 'professionalize' the leadership and management of social purpose organizations (SPOS).

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

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

Pursuant to Regulation 34(2)(f) of the Listing Regulations, your Company's Business Responsibility and Sustainability Report ("BRSR") forms part of the Annual Report. The BRSR includes details on performance against the nine principles of the National Guidelines on Responsible Business Conduct and a report under each principle, which is divided into essential and leadership indicators. The said report comprehensively covers your Company's philosophy and describes the initiatives taken by the Company from an environmental, social and governance perspective on corporate social responsibility, its sustainability activities pertaining to efforts on conservation of environment, conducting green awareness events, its commitment towards society, enhancing primary education, initiatives and activities taken up as part of this philosophy for the year 2023-24.



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

## RELATED PARTY TRANSACTIONS

The policy on Related Party Transactions is available on your Company's website at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

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

Pursuant to Regulation 23(9) of the Listing Regulations, your Company has filed the disclosures on Related Party Transactions in prescribed format with the Stock Exchanges.

## JUSTIFICATION FOR ENTERING INTO RELATED PARTY TRANSACTIONS

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

## BOARD EVALUATION

During the year under review, as mandated by the Companies Act, 2013 and Listing Regulations, Annual Evaluation was conducted by the Board of its own performance and that of its committees and individual Directors and the Independent Directors. As part of the evaluation process, individual criteria for each of the exercise was formulated. The said criteria specified certain parameters like attendance, acquaintance with business, communication inter se between board members, effective participation, domain knowledge, compliance with code of conduct, vision and strategy, benchmarks established by global peers etc., which is in compliance with applicable laws, regulations and guidelines. From these, formal questionnaire listing various parameters on which each of the categories were required to be evaluated was shared with each member of the Board / Committee / Director. They were then required to rate individually on each of the parameters and also provide feedback based on ratings.

In a separate meeting of Independent Directors, performance of Non-Independent Directors, the Board as a whole and Chairman of the Company was evaluated, taking into account the views of Executive Directors and Non-Executive Directors. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Director being evaluated.

The outcome of the Board Evaluation for the financial year 2023-24 was discussed by the Independent Directors/ Board/Committee. The Board of Directors of the Company noted the actions taken in improving Board effectiveness based on feedback given in the previous year. Further, the Board also noted areas requiring more focus in the future, which include Board diversity, Strategy discussion on succession planning, and Risk management.

## REMUNERATION TO DIRECTORS AND EMPLOYEES

The policy on remuneration and other matters provided in Section 178(3) of the Act has been disclosed in the Corporate Governance Report, which is a part of this report and is also available on the Company's website at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

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

A statement comprising the names of top 10 employees in terms of remuneration drawn and every person employed throughout the year, who were in receipt of remuneration in terms of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, forms an integral part of this Report. However, the same is not being sent along with this Annual Report to the Members of your Company in line with the provision of Section 136 of the Companies Act, 2013. Members who are interested in obtaining these particulars may write to [investor@sonata-software.com](mailto:investor@sonata-software.com) and these documents will be made available for inspection electronically from the date of circulation of this Annual Report up to the date of AGM i.e. 6<sup>th</sup> August, 2024.

## CORPORATE GOVERNANCE

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

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

## OTHER DISCLOSURES

- a) Your Company confirms that it has paid the Annual Listing Fees for the year 2023-24 to National Stock Exchange of India Limited (NSE) and BSE Limited where its shares are listed.
- b) Your Company has not issued shares with differential voting rights and sweat equity shares during the year under review.
- c) There are no proceedings initiated/pending against your Company under the Insolvency and Bankruptcy Code, 2016 which materially impact the business of the Company.
- d) There were no instances where your Company required the valuation for one time settlement or while taking the loan from any Banks or Financial institution.

## ACKNOWLEDGEMENTS

Your Directors take this opportunity and place on record their gratitude for all the guidance and co-operation received from all its clients, investors, vendors, bankers, financial institutions, business associates, advisors, regulatory and government authorities. Your Directors also thank all its Shareholders and Stakeholders for their continued support, and look forward to their continued support in the future and all the Sonatians for their valuable contribution and dedicated service. The consistent growth was made possible by their hard work, solidarity, co-operation and support.

**FOR AND ON BEHALF OF THE BOARD**

Place: Mumbai  
Date: 7<sup>th</sup> May, 2024

**PRADIP P SHAH**  
Chairman

# ANNEXURE I

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures (Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014 - Form AOC-I)

## PART "A": SUBSIDIARIES

SL No	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital <sup>2</sup>	Reserves and surplus	Total assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	% of shareholding / control
1	Sonata Information Technology Ltd.	Same Reporting Period	INR	-	338	27,010	172,080	144,732	13,853	595,054	21,925	5,591	16,334	100
2	Sonata Software Solutions Limited	Same Reporting Period	INR	-	1	12,134	15,978	3,843	-	14,335	7,345	-	7,345	100
3	Encore I.T. Services Solutions Private Limited	Same Reporting Period	INR	-	1	932	1,789	856	101	8,581	1,462	366	1,096	100
4	Quant Cloud Solutions Private Limited <sup>1</sup>	Same Reporting Period	INR	-	91	2,961	3,211	160	-	2,895	550	173	377	100
5	Sonata Software North America Inc.	Same Reporting Period	USD	₹ 83.40	250	32,150	246,482	214,082	8,384	116,061	4,254	1,137	3,118	100
6	Sonata Software GmbH	Same Reporting Period	EURO	₹ 89.83	22	-154	288	420	-	465	-2	-	-2	100
7	Sonata Europe Ltd.	Same Reporting Period	GBP	₹ 105.07	2,585	9,449	19,037	7,003	-	15,767	-1,759	-334	-1,425	100
8	Sonata Australia Pty Ltd. <sup>2</sup>	Same Reporting Period	AUD	₹ 54.10	-	2,331	3,764	1,433	-	10,084	2,301	667	1,634	100
9	Sonata Software FZ LLC <sup>2</sup> (formerly known as Sopris Systems LLC)	Same Reporting Period	USD	₹ 83.40	-	-1,200	10	1,210	-	-	-9	-9	-	100
10	GAPbuster Worldwide Pty Limited	Same Reporting Period	AUD	₹ 54.10	3,745	-3,862	2,160	2,277	-	4,500	-35	-9	-26	100
11	Sonata Software Japan KK (formerly known as Kabushiki Kaisha Gapbuster Japan)	Same Reporting Period	JPY	0.55	17	213	307	77	-	834	149	22	126	-
12	Sonata Software Worldwide Malaysia SDN. BHD. (formerly known as GAPbuster Worldwide Malaysia Sdn Bh)	Same Reporting Period	MYR	17.60	-	-49	325	374	-	268	-114	4	-118	-
13	Sonata Software (Shanghai) Co., Ltd (formerly known as GAPbuster China Co. Limited)	Same Reporting Period	CNY	11.53	-	-21	273	293	-	292	165	-	165	-
14	GAPbuster Limited	Same Reporting Period	GBP	105.07	-	-	-	-	-	-	767	-	767	-
15	GAPbuster Europe Limited	Same Reporting Period	USD	₹ 83.40	-	-	-	-	-	947	-86	-	-86	-



SL No	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency	Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	Share capital <sup>2</sup>	Reserves and surplus	Total assets	Total Liabilities	Investments	Turnover	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	% of shareholding / control
16	GAPbuster Inc.	Same Reporting Period	USD	₹ 83.40	1	-139	62	200	-	611	-222	-	-222	-
17	Encore Software Services, Inc.	Same Reporting Period	USD	₹ 83.40	40	2,165	4,463	2,258	-	20,807	3,887	987	2,900	100
18	Sonata Software Intercontinental Limited	Same Reporting Period	EURO	₹ 89.83	-	-52	1,497	1,549	17	1,242	-631	-87	-544	-
19	Sonata Software Canada Limited	Same Reporting Period	USD	₹ 61.27	-	152	442	289	-	758	191	27	164	-
20	Sonata Latin America S. DE R.L. DE C.V. <sup>2</sup>	Same Reporting Period	PESO	₹ 5.03	-	-300	349	649	-	967	-304	-	-304	100
21	Quant Systems Inc <sup>1</sup>	Same Reporting Period	USD	₹ 83.40	8	15,812	33,269	17,449	3,476	57,023	27,848	7,022	20,827	100
22	Sonata Software Malaysia SDN BHD. <sup>3</sup>	For the period June 13, 2023 to March 31, 2024	MYR	₹ 17.60	88	102	395	204	-	675	102	-	102	100

All the subsidiaries disclosed above are wholly owned subsidiaries.

<sup>1</sup> Sonata Software North America Inc., (SSNA) has acquired 100% stake in Quant Systems Inc., a Texas based company and Quant Cloud Solutions Private Limited a subsidiary of Quant Systems Inc., on March 10, 2023

<sup>2</sup> Share Capital as at March 31, 2024 for Sonata Australia Pty Ltd, is ₹ 108, Sonata Latin America S. DE R.L. DE C.V. is ₹ 5,030 and Sonata Software LLC. is ₹ 167.

<sup>3</sup> Sonata Software Malaysia SDN. BHD. has been incorporated in Malaysia with effect from June 13, 2023.

**Notes:**

- In the details given above, the reporting currency has been converted to ₹ at the closing exchange rate as on 31st March, 2024.
- Sonata Information Technology Limited has proposed a final dividend of ₹ 9,000 Lakhs (₹ 266.64 per equity share of par value of ₹ 10 each) which is subject to approval of shareholders.
- Sonata Software Solutions Limited has proposed a final dividend of ₹ 2,300 Lakhs (₹ 23,000/- per equity share of par value of ₹ 10 each) which is subject to approval of shareholders.
- Encore I. T. Services Solutions Private Limited has proposed a final dividend of ₹ 500 lakhs (₹ 5,005/- per equity share of par value of ₹ 10 each) which is subject to approval of shareholders.
- Quant Systems CRC Inc Sociedad de Responsabilidad Limitada and Woodshed LLC are yet to commence its operations.

**PART "B": ASSOCIATES AND JOINT VENTURES**

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

There are no associate companies and joint ventures during the financial year under review.

**FOR AND ON BEHALF OF THE BOARD**

**Pradip P Shah**  
Chairman

**Samir Dhir**  
Managing Director & CEO

**Jagannathan C N**  
Chief Financial Officer

**R Sathyanarayana**  
VP - Finance & Accounts

**Mangal Krishnarao Kulkarni**  
Company Secretary

Date : 7<sup>th</sup> May, 2024

# ANNEXURE II

## Form No. MR-3 SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

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

To,

The Members,

**Sonata Software Limited,**

208 T V Indl Estate, 2<sup>nd</sup> Floor, S. K. Ahire Marg,  
Worli, Mumbai-400030, Maharashtra, India

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2024** and made available to me, according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment, if any;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

- vi. Other laws applicable specifically to the Company, namely:
- (a) The Information Technology Act, 2000 and the rules made thereunder;
  - (b) The Special Economic Zones Act, 2005 and the rules made thereunder;
  - (c) Software Technology Parks of India rules and regulations;
  - (d) The Indian Copy Rights Act, 1957; (Not applicable during the audit period)
  - (e) The Patents Act, 1970; (Not applicable during the audit period) and
  - (f) The Trade Marks Act, 1999.

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

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

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

- a) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
- b) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;(Not applicable to the Company)
- c) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; and
- d) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 requiring compliance thereof by the Company during the audit period.

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

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

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

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

**I further report that**, based on the information provided and the representation made by the Company and also on the review of the compliance certificates/reports taken on record by the Board of Directors of the Company, in my opinion there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines



**I report further that,** during the audit period the Company has issued and allotted 14,02,12,408 equity shares of Re. 1/- each as Bonus shares and there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc. having a major bearing on the Company's affairs.

Place: Bengaluru  
Date: 7<sup>th</sup> May, 2024

**P.G. HEGDE**  
Hegde & Hegde  
Company Secretaries  
FCS: 1325 / C.P.No: 640  
UDIN: F001325F000313956

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

# Annexure A

To,  
The Members  
**Sonata Software Limited**  
Mumbai

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

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

Place: Bengaluru  
Date: 7<sup>th</sup> May, 2024

**P.G. HEGDE**  
Hegde & Hegde  
Company Secretaries  
FCS: 1325 / C.P.No: 640  
UDIN: F001325F000313956

# Annexure III

1. Brief outline on CSR Policy of the Company:

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

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

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Radhika Rajan	Chairperson	4	4
2	Mr. P Srikar Reddy	Member	4	4
3	Mr. S B Ghia	Member	4	4
4	Mr. Samir Dhir	Member	4	4

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

Composition of CSR Committee: <https://www.sonata-software.com/sites/default/files/financial-reports/2023-02/composition-of-committees.pdf>

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

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

4. Executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report) : Not Applicable

5. (a) Average net profit of the company as per section 135(5): 18471.95 lakh
- (b) Two percent of average net profit of the company as per section 135(5): 369.43 lakh
- (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: 0
- (d) Amount required to be set off for the financial year, if any: 47.23 lakh
- (e) Total CSR obligation for the financial year (5b+5c-5d):. 322.20 Lakh
6. (a) Amount spent on CSR Projects (both ongoing projects and other than Ongoing Project): 307.53 lakh
- (b) Amount spent in Administrative Overheads: 15.37 Lakh
- (c) Amount spent on Impact Assessment, if applicable: Not applicable
- (d) Total amount spent for the Financial Year (6a+6b+6c): 322.91 lakh
- (e) CSR amount spent or unspent for the financial year:



Total Amount Spent for the Financial Year (in Lacs)	Amount Unspent (in lakhs)				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
322.91 lakh	NIL				

(f) Excess amount for set off, if any:

₹ in Lakhs

Sl. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per Section 135(5)	369.43 lakh
(ii)	Total amount spent for the Financial Year	(322.91+47.24)= 370.15 lakh
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.71 Lakh
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0 lakh
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	0.71 lakh

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

1 Sl. No.	2 Preceding Financial Year(s)	3 Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	4 Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	5 Amount Spent in the Financial Year (in ₹)	6 Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		7 Amount remaining to be spent in succeeding Financial Years (in ₹)	8 Deficiency, if any
					Amount (in ₹)	Date of Transfer		
1	FY-1	NA	NA	NA	NA	NA	NA	NA
2	FY-2	NA	NA	NA	NA	NA	NA	NA
3	FY-3	NA	NA	NA	NA	NA	NA	NA

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

Yes  No If Yes, enter the number of Capital assets created/ acquired 

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

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

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

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): Not applicable.

**Samir Dhir**  
Managing Director & CEO

**Radhika Rajan**  
Chairperson of CSR Committee

Date: 7<sup>th</sup> May, 2024

# ANNEXURE IV

## Particulars of Contracts / Arrangements made with Related Parties

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

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

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

There were no contracts / arrangements / transactions entered into during the year ended March 31, 2024, which were not at arm's length basis.

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

₹ in Lakhs

Name of the related party	Sonata Information Technology Ltd.	Sonata Software North America Inc.	Sonata Software FZ LLC	Sonata Europe Ltd., UK	Sonata Software (Qatar) LLC	Sonata Australia Pty Ltd	Interactive Business Information Systems Inc.	Sopris Systems LLC	Sonata Software Canada Limited	Quant Systems Inc.	Sonata Software Solutions Ltd	Sonata Software Intercontinental Limited	Sonata Software GmbH	Sonata Software Malaysia SDN. BHD.	Encore IT Services Solutions Private Limited	Health & Glow Private Limited
Nature of relationship	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Subsidiary with 49% holding	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Entity with common key management personnel
Nature of contracts/ arrangements/ transactions:																
Rendering of services	-	43,489	-	8,328	-	1,078	-	-	342	41	-	675	-	-	-	131
Sale of product	-	11	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Software license fees paid	10,273	-	-	-	-	108	-	-	-	-	-	-	249	58	-	-
Commission on sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate loans given	14,570	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inter corporate loans recovered	14,570	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest received on inter corporate deposits	38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Recovery of rent	107	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend received	18,500	-	-	-	-	1,785	-	-	-	-	8,800	-	-	-	1,100	-
Commission received on guarantees given on behalf of Subsidiary	337	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

### Notes:

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

**FOR AND ON BEHALF OF THE BOARD**

**PRADIP P SHAH**  
Chairman

Date: 7<sup>th</sup> May, 2024



# ANNEXURE V

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

- (i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company and the % increase in remuneration for the Financial Year 2023-24:

Name of Director	Designation	% of increase compared to previous year	Ratio to Median remuneration of employees
Pradip P. Shah	Director	-	3.45
P Srikar Reddy	Executive Vice Chairman and Whole-time Director	(67.65%)*	35.93
S B Ghia	Director	-	3.48
Viren Raheja	Director	-	3.35
Radhika Rajan	Director	-	3.43
Sanjay Asher	Director	-	3.42
Samir Dhir	Managing Director & CEO	(43.16%)^	54.48

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

^It does not include variable pay for FY 23-24.

- (ii) The percentage increase in remuneration of Chief Financial Officer & Company Secretary, in the Financial Year 2023-24:

Name of Person	Designation	% of increase compared to the previous year
Jagannathan C N	Chief Financial Officer	12.43%*
Mangal K Kulkarni	Company Secretary and Head-Legal	7.57%*

\* Includes Bonus plan in lieu of Stock Appreciation Rights.

- (iii) The percentage increase in the median remuneration of employees in the Financial Year 2023-24:

The percentage increase in the median remuneration of Sonata during the Financial Year under review is 3%. This has been arrived by comparing the median remuneration of the cost-to-the Company as on 31<sup>st</sup> March 2024 as compared to the previous year 31<sup>st</sup> March 2023.

- (iv) The number of permanent employees on the rolls of the Company as on 31<sup>st</sup> March, 2024:  
3750 employees.

The total employee strength across the group as on 31<sup>st</sup> March 2024 is 6,416 as against 6,434 as on 31<sup>st</sup> March, 2023.

- (v) Average percentage increase already made in the salaries of employees other than the Managerial Personnel in the last Financial Year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The increase in remuneration of the employees and managerial personnel is under review and will be decided in course of time.

(vi) Affirmation that the remuneration is as per the remuneration policy of the Company:

Your company affirms that the remuneration is as per the remuneration policy of the Company.

**FOR AND ON BEHALF OF THE BOARD**

Date: 7<sup>th</sup> May, 2024

**PRADIP P SHAH**  
Chairman

# REPORT ON CORPORATE GOVERNANCE

Your Company complies with the requirements of the guidelines on Corporate Governance stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and hereby presents the following Corporate Governance Report for the Financial Year 2023-24 based on the said requirements and its sound Corporate Governance principles and practices.

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

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

Corporate Governance at your Company is implemented through robust governance processes, internal control systems and processes and audit mechanisms at all levels. These are further articulated in the Company's Code of Business Conduct and charters of various Committees of the Board. The Company aspires to be amongst the best-governed companies by building a resilient and responsible organization. Integrity, transparency, accountability, ethical conduct of business are key to our corporate governance practices and performance, ensuring that we gain and retain the trust of our stakeholders at all times.

The Company has also been awarded as the 'Best Governed Company, Listed Segment: Emerging Category' at the 23<sup>rd</sup> ICSI National Awards for Excellence in Corporate Governance during the year.

## II. BOARD OF DIRECTORS

Your Company has an energetic, engaged, experienced, diverse and well-informed Board. Your Company's Board of Directors comprises an optimum combination of professionals with expertise, diversity, Independence and has an optimum combination of Executive and Non-Executive Directors. The Board of Directors of your Company as of 31<sup>st</sup> March, 2024 comprised seven Directors of which one is a Non-Executive Promoter Director, one is a Non-Executive Director, two are Executive Directors and three are Independent Directors (including one Independent Woman Director). The composition of the Board is in conformity with Regulation 17 of the Listing Regulations read with Section 149 of the Companies Act, 2013 ("the Act"). The Chairman of the Board is an Independent Director.

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

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

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



of any circumstance or situation which exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Further, the Independent Directors have included their names in the databank of Independent Directors maintained with the Indian Institute of Corporate Affairs in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended.

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

Mr. Pradip Shah and Ms. Radhika Rajan will retire from the Company as Independent Directors w.e.f. 10<sup>th</sup> August, 2024 and 12<sup>th</sup> August, 2024, respectively, post completion of their second tenure.

As permitted by MCA & SEBI, five (5) Board Meetings in FY 2023-24 were held through Video Conferencing and one (1) Board Meeting was held in physical mode.

During the Financial Year 2023-24, six (6) Meetings of the Board were held with a time gap of not more than one hundred and twenty (120) days between any two consecutive meetings. These meetings were held on 3<sup>rd</sup> May, 2023, 13<sup>th</sup> May, 2023, 29<sup>th</sup> July, 2023, 25<sup>th</sup> October, 2023, 1<sup>st</sup> February, 2024 and 21<sup>st</sup> February, 2024. The necessary quorum was present at all the meetings. The video conferencing facilities were arranged for Directors for participating in Board and Committee Meetings, in consonance with the applicable Laws and Regulations.

During the Financial Year 2023-24, information as mentioned in Schedule II Part A of the Listing Regulations has been placed before the Board for its consideration. The Board had obtained declarations from the respective functional heads confirming the compliances with all applicable laws during the Financial Year under review.

### Chairman

The Chairman of the Board is Mr. Pradip P Shah, an Independent Director. The Company has separated the roles of the Chairman and the Managing Director & CEO to have a balanced governance structure. The Chairman takes a lead role in managing the Board and facilitates effective communication among directors and management.

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

The names, designation and categories of the Directors and their shareholdings in the Company as of 31<sup>st</sup> March, 2024 are furnished below:

Name of the Director & DIN	Designation	Category	Equity shareholding in the Company
Mr. Pradip P Shah (00066242)	Chairman & Director	Independent Director	Nil
Mr. S B Ghia (00005264)	Director	Non-Executive Director	13,332
Mr. Viren R Raheja (00037592)	Director	Promoter, Non- Executive Director	22,000,000
Mr. P Srikar Reddy (00001401)	Executive Vice Chairman & Whole-time Director	Executive Director	33,17,328

Name of the Director & DIN	Designation	Category	Equity shareholding in the Company
Ms. Radhika Rajan (00499485)	Director	Independent Director	Nil
Mr. Sanjay K Asher (00008221)	Director	Independent Director	Nil
Mr. Samir Dhir (03021413)	Managing Director & CEO	Executive Director	Nil

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

Details of the Directors attendance during the Financial Year 2023-24 and at the last Annual General Meeting, number of Directorships in other Indian companies and Committee Memberships / Chairpersonship held by them in other Public Companies in India as of 31<sup>st</sup> March, 2024 are furnished below:

Name of the Director	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Attendance at the last AGM held on on 31 <sup>st</sup> July, 2023	No. of Directorships held in other Indian Companies	No. of Committee Memberships/ Chairpersonship held in other Indian Public companies*	
					As Chairperson	As Member
Mr. Pradip P Shah	6	6	Yes	15	3	8
Mr. S B Ghia	6	6	Yes	2	1	4
Mr. Viren Raheja	6	6	Yes	11	0	3
Mr. P Srikar Reddy	6	6	Yes	3	0	3
Ms. Radhika Rajan	6	5	Yes	2	1	3
Mr. Sanjay K Asher	6	6	Yes	12	4	9
Mr. Samir Dhir	6	5	Yes	0	0	0

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

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

Name of the Director	Directorship in other Listed Entities	Category of Directorship
Mr. Pradip P Shah	Kansai Nerolac Paints Limited	Non-Executive - Independent Director, Chairman
	Pfizer Limited	Non-Executive - Independent Director, Chairman
	KSB Limited	Non-Executive - Independent Director
	BASF India Limited	Non-Executive - Independent Director, Chairman
	Bajaj Auto Limited	Non-Executive - Independent Director
	Bajaj Holdings & Investment Limited	Non-Executive - Independent Director
Mr. S B Ghia	Futura Polyesters Limited	Managing Director, Chairman
	Alkyl Amines Chemicals Limited	Non-Executive - Independent Director
Mr. Viren Raheja	Hathway Cable and Datacom Limited	Non-Executive - Non-Independent Director
Mr. P Srikar Reddy	Visaka Industries Limited	Non-Executive - Independent Director
	Palred Technologies Limited	Non-Executive - Non-Independent Director
Ms. Radhika Rajan	3M India Limited	Non-Executive - Independent Director

Name of the Director	Directorship in other Listed Entities	Category of Directorship
Mr. Sanjay K Asher	Deepak Nitrite Limited	Non-Executive - Independent Director
	Sudarshan Chemical Industries Limited	Non-Executive - Independent Director
	Ashok Leyland Limited	Non-Executive - Independent Director
	Epigral Limited	Non-Executive - Independent Director
	Sun Pharmaceutical Industries Limited	Non-Executive – Independent Director
Mr. Samir Dhir	-	-

### Board Skill Matrix

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

The key attributes primarily and broadly are:

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

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

- MR. PRADIP P SHAH - He is a non-executive Independent Director and Chairman of the Company. He has a diverse range of expertise and extensive experience across multiple domains, including corporate governance, strategy management, general IT, behavioral science and leadership abilities. While his primary areas of focus are centered around finance and private equity advisory, he also possesses a high level of proficiency in matters encompassing law and tax.
- MR. S B GHIA - He is a non-executive Director of the Company. His areas of experience encompass corporate governance, general IT knowledge, leadership abilities, strategy management and behavioral science. He has proficiency in finance, tax and law.
- MR. VIREN RAHEJA - He is a non-executive Promoter Director of the Company. He has a diverse range of skills and expertise, including corporate governance, general IT knowledge, global business, behavioral science, law and tax. While he possesses a wide-ranging knowledge base encompassing multiple domains, his primary areas of focus revolve around finance and strategy management.
- MS. RADHIKA RAJAN - She is a non-executive Independent Director of the Company. She is a results-focused financial-market professional with a wide range of expertise across various domains. Her skill set encompasses corporate governance, general IT knowledge, strategy management, leadership abilities and behavioral science, intersection between Law, Tax and Finance.
- MR. SANJAY K ASHER - He is a non-executive Independent Director of the Company. He possesses a wealth of expertise and experience across multiple domains, particularly in various areas of law with specialization in corporate and commercial law. In addition to his legal expertise, he also brings a diverse skill set encompassing corporate governance, tax, finance, general IT knowledge, behavioral science, strategy management and leadership abilities.



- MR. P SRIKAR REDDY - He is the Executive Vice Chairman and Whole-time Director of the Company. He possesses a diverse range of expertise and experience in the information technology, strategy management. His skill set extends to implementing effective corporate governance practices, behavioral science, finance, tax and law. His strong leadership abilities and special focus on global business contribute to his comprehensive understanding of these areas.
- MR. SAMIR DHIR - He is the Managing Director & CEO of the Company. As a business leader and technologist, he possesses a broad skill set and extensive expertise across multiple domains. He has a strong knowledge of IT services industry, sales, marketing, delivery, talent and operations. He is well-versed in technological advancements and their applications for Enterprises. His special focus on creating customer and employee success and building scaled global businesses comprehensively differentiates Sonata. His proficiency includes corporate governance, finance, behavioral science and leadership abilities.

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

### III. AUDIT COMMITTEE

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

- **Terms of Reference**

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

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors;
4. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;
5. Review compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 at least once in a financial year and shall verify that the systems for internal control are adequate and are operating effectively;
6. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by Management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions;
  - g. Qualifications in the draft audit report.

7. Reviewing, with the management the quarterly financial statements before submission to the Board for approval;
8. Reviewing, with the management the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue or preferential issue or qualified institutions placement and making appropriate recommendations to the Board to take up steps in this matter;
9. Review and monitor the auditor 's independence and performance and effectiveness of audit process;
10. Approval or any subsequent modification of transactions of the Company with related parties;
11. Scrutiny of inter-corporate loans and investments;
12. Valuation of undertakings or assets of the Company, wherever it is necessary;
13. Evaluation of internal financial controls and risk management systems;
14. Reviewing, with the management performance of statutory and internal auditors, adequacy of the internal control systems;
15. Reviewing, the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
16. Discussion with internal auditors of any significant findings and follow up there-on;
17. Review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
18. Discussion with Statutory Auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
19. To Look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
20. To Review the functioning of the Whistle Blower mechanism;
21. Approval of appointment of CFO (i.e., Chief Financial Officer or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
22. Review the financial statements, internal audit reports, related party transactions and such other information as required under the Act or the Listing Regulations.
23. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary;
24. Consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

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

During the Financial Year under review, the Audit Committee met six (6) times on 3<sup>rd</sup> May, 2023, 13<sup>th</sup> May, 2023, 29<sup>th</sup> July, 2023, 25<sup>th</sup> October, 2023, 1<sup>st</sup> February, 2024 and 21<sup>st</sup> February, 2024.

The maximum interval between any two meetings did not exceed one hundred twenty (120) days, as prescribed by the Companies Act, 2013. The previous AGM of the Company was held on 31<sup>st</sup> July, 2023 and was attended by Mr. Pradip P Shah, Chairman of the Audit Committee.

The Audit Committee generally invites the Chief Financial Officer, VP – Finance & Accounts and representatives of the Statutory Auditors and Internal Auditors to the meetings of the Audit Committee and other experts on a need basis. The Company Secretary acts as Secretary to the Committee.

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

Details of Composition and Attendance of the Audit Committee Meetings during the year:

Name of the Director	Category	Position	Number of Meetings	
			Held during the tenure	Attended
Mr. Pradip P Shah	Independent Director	Chairman	6	6
Mr. S B Ghia	Non-Executive Director	Member	6	6
Ms. Radhika Rajan	Independent Director	Member	6	5
Mr. Sanjay K Asher	Independent Director	Member	6	6

#### IV. NOMINATION AND REMUNERATION COMMITTEE

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

- **Terms of Reference**

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

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board of Directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;
2. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and based on such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may;
  - (a) use the services of external agencies, if required;
  - (b) consider candidates from a wide range of backgrounds, having due regard to diversity; and
  - (c) consider the time commitments of the candidates.
3. Formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. Devising a policy on diversity of the Board of Directors;
5. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board of Directors their appointment and removal and shall carry out the evaluation of every directors' performance;

6. Recommend to the Board, all remuneration, in whatever form, payable to senior management.
7. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

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

During the Financial Year under review, the Nomination and Remuneration Committee met four (4) times on 3<sup>rd</sup> May, 2023, 29<sup>th</sup> July, 2023, 25<sup>th</sup> October, 2023 and 1<sup>st</sup> February, 2024.

The previous AGM of the Company was held on 31<sup>st</sup> July, 2023 and was attended by Mr. Sanjay K Asher, Chairman of the Nomination and Remuneration Committee.

- **Details of Composition and Attendance of the Nomination and Remuneration Committee Meetings during the year:**

Name of the Director	Category	Position	Number of Meetings	
			Held during the tenure	Attended
Mr. Sanjay K Asher	Independent Director	Chairman	4	4
Mr. Viren Raheja	Promoter, Non-Executive Director	Member	4	4
Mr. Pradip P Shah	Independent Director	Member	4	4

- **Performance Evaluation Criteria**

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

- **Succession Planning**

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

- **Details of remuneration paid/payable to all the Directors during the Financial Year ended 31<sup>st</sup> March, 2024**

₹ in Lakhs

Name	Salary & Perquisites	Commission & Sitting fees	Shares issued under ESOP	Details of service contracts, notice period & severance fees
Mr. Pradip P Shah	-	43.80	-	-
Mr. P Srikar Reddy	456.34	-	-	As per agreement dated 11.02.2023, effective 14.02.2023, for a period of three years appointing him as an Executive Vice Chairman & WTD.
Mr. S B Ghia	-	44.20	-	-
Mr. Viren Raheja	-	42.60	-	-
Ms. Radhika Rajan	-	43.60	-	-
Mr. Sanjay K Asher	-	43.40	-	-



Name	Salary & Perquisites	Commission & Sitting fees	Shares issued under ESOP	Details of service contracts, notice period & severance fees
Mr. Samir Dhir	571.44*	120.45*	-	Original agreement dated 09.05.2022, amended on 14.02.2023, re-designates him as Managing Director & CEO. ESOPs granted as per employment agreement.

Note: \*Payable in USD. It does not include variable pay for FY 23-24 and other long-term incentives which are due and payable only upon fulfillment of certain conditions in FY 24-25 and beyond. All figures rounded off

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

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

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

## V. STAKEHOLDERS RELATIONSHIP COMMITTEE

### Committee Charter

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

The Stakeholders Relationship Committee is guided by the Charter adopted by the Board, available on the Company's website, at [www.sonata-software.com](http://www.sonata-software.com).

- **Terms of Reference**

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

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

During the Financial Year under review, the Stakeholders' Relationship Committee met four (4) times on 3<sup>rd</sup> May, 2023, 29<sup>th</sup> July, 2023, 25<sup>th</sup> October, 2023 and 1<sup>st</sup> February, 2024.

The previous AGM of the Company was held on 31<sup>st</sup> July, 2023 and was attended by Mr. S.B Ghia, Chairman of the Stakeholders' Relationship Committee.

- Details of Composition and Attendance of the Stakeholders Relationship Committee Meetings during the year:

Name of the Director	Category	Position	Number of Meetings	
			Held during the tenure	Attended
Mr. S B Ghia	Non-Executive Director	Chairman	4	4
Mr. P Srikar Reddy	Executive Director	Member	4	4
Ms. Radhika Rajan	Independent Director	Member	4	4
Mr. Samir Dhir	Managing Director & CEO	Member	4	4

- During the Financial Year under review, 40 investor grievances were received and all of them were successfully resolved.

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

## VI. CORPORATE SOCIAL RESPONSIBILITY (“CSR”) COMMITTEE

### CSR Vision:

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

### Committee Charter

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

The CSR Committee is guided by the Charter adopted by the Board, available on the Company’s website at [www.sonata-software.com](http://www.sonata-software.com).

- **Terms of Reference**

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

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

The CSR Committee met four (4) times during the Financial Year 2023-24 i.e., on 3<sup>rd</sup> May, 2023, 29<sup>th</sup> July, 2023, 25<sup>th</sup> October, 2023 and 1<sup>st</sup> February, 2024.

### CSR Report:

The CSR Report as required under the Companies Act, 2013, for the year ended 31st March, 2024 is attached as Annexure III to the Board’s Report, covering the CSR activities, budget, spend, reporting and other details.

- **Details of Composition and Attendance of the CSR Committee Meetings during the year:**

Name of the Director	Category	Position	Number of Meetings	
			Held during the tenure	Attended
Ms. Radhika Rajan	Independent Director	Chairperson	4	4
Mr. P Srikar Reddy	Executive Director	Member	4	4
Mr. S B Ghia	Non-Executive Director	Member	4	4
Mr. Samir Dhir	Managing Director & CEO	Member	4	4

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

## VII. RISK MANAGEMENT COMMITTEE

### Committee Charter:

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

The Risk Management Committee is guided by the Charter adopted by the Board, available on the Company's website, at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

- **Terms of Reference**

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

1. To formulate a comprehensive risk management policy which shall include:
  - a. A framework for identification of internal and external risks specifically faced by the Company, in particular including financial, operational, sectoral, sustainability (particularly ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - b. Measures for risk mitigation including systems and processes for internal control of identified risks.
  - c. Business Continuity Plan.
2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee the implementation of the risk management policy, including evaluating the adequacy of risk management systems;
4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. To review the appointment, removal and terms of remuneration of the Chief Risk Officer, if any.
7. To coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the Board of Directors.
8. To monitor and review the matters relating to cyber security.

The Risk Management Committee met three (3) times during the Financial Year 2023-24 i.e., on 3<sup>rd</sup> May, 2023, 29<sup>th</sup> July, 2023 and 19<sup>th</sup> January, 2024.

- **Details of Composition and Attendance of the Risk Management Committee Meetings during the year:**

Name of the Director	Category	Position	Number of Meetings	
			Held during the tenure	Attended
Mr. Pradip P Shah	Independent Director	Chairman	3	3
Mr. Viren Raheja	Promoter, Non-Executive Director	Member	3	3
Mr. P Srikar Reddy	Executive Director	Member	3	3
Mr. Samir Dhir	Managing Director & CEO	Member	3	3

## VIII. MEETINGS OF INDEPENDENT DIRECTORS

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

In accordance with Section 149 read with Schedule IV to the Act and Listing Regulations, a Meeting of the Independent Directors was held during the Financial Year 2023-24 without the attendance of the Non-Independent Directors and members of the management. Apart from yearly meeting, the Independent Directors alone also meet quarterly on need basis prior to the Audit Committee Meeting or prior to the Nomination and Remuneration Committee meeting.

## IX. SHAREHOLDERS MEETINGS

- **Details of the last three Annual General Meetings are as follows:**

Financial Year	Date	Venue	Time (IST)
2020-21	16.08.2021	Held through Video conferencing / other Audio-visual means	4.00 p.m.
2021-22	24.06.2022	Held through Video conferencing / other Audio-visual means	4.00 p.m.
2022-23	31.07.2023	Held through Video conferencing / other Audio-visual means	10.00 a.m.

- **Special Resolutions were passed in the previous three AGMs as detailed below:**
  - a) Financial year 2020-21 – No Special Resolution was passed.
  - b) Financial year 2021-22 – Yes, the following Special Resolution was passed for:
    - i. Approval of the continuation of Mr. Shyam Bhupatirai Ghia as a Non-Executive Non-Independent Director after attaining the age of 75 years.
  - c) Financial year 2022-23 – Yes, the following Special Resolutions were passed for:
    - i. Approval of the amendment to the Employee Stock Option Plan, 2013 of the Company and authorization to the ESOP Trust to purchase or acquire equity shares of the Company from the secondary securities market.
    - ii. Approval and authorization of the payment of managerial remuneration to Mr. Samir Dhir, Managing Director & CEO of the Company, in excess of the limits prescribed under Section 197 and Schedule V of the Companies Act, 2013.



- iii. Approval and authorization of the payment of managerial remuneration to Mr. P Srikar Reddy, Executive Vice Chairman & Whole-Time Director of the Company, in excess of the limits prescribed under Section 197 and Schedule V of the Companies Act, 2013.
- iv. Approval and authorization of the payment of managerial remuneration exceeding limits of overall maximum remuneration prescribed under Section 197 and Schedule V of the Companies Act, 2013.
  - None of the items to be transacted at the ensuing Annual General Meeting is required to be passed by postal ballot.
  - The details of the Postal Ballots undertaken during the financial year ended 31st March, 2024 are as follows:

**a. Postal Ballot conducted for Increase in Authorised Share Capital of the Company, Alteration of the Capital Clause of the Memorandum and Articles of Association of the Company and Issue of Bonus shares:**

Date of Postal Ballot Notice	:	October 25, 2023
Voting period	:	November 1, 2023 to November 30, 2023
Date of approval	:	November 30, 2023
Date of declaration of result	:	December 1, 2023

Brief particulars of the resolution	Type of Resolution	No. of votes polled	Votes cast in favour		Votes cast against	
			No. of votes	%	No. of votes	%
Increase in the Authorised Share Capital of the Company	Ordinary Resolution	9,49,91,077	9,41,73,861	99.14	8,17,216	0.86
Alteration of the capital clause of the Memorandum of Association of the Company	Special Resolution	9,49,87,854	9,42,71,276	99.25	7,16,578	0.75
Alteration of the Capital Clause of the Articles of Association of the Company	Special Resolution	9,49,87,854	9,42,71,549	99.25	7,16,305	0.75
the Articles of Association of the Company	Special Resolution	9,49,87,854	9,42,71,549	99.25	7,16,305	0.75
Issue of Bonus Shares	Ordinary Resolution	9,49,88,161	9,31,52,530	98.07	18,35,631	1.93

## X. MEANS OF COMMUNICATION

### Quarterly results / other information

- The half quarterly/yearly results are generally published in Business Standard (all India edition) and in Navshakti (Mumbai edition) newspaper.
- The quarterly financial results, press releases, shareholding pattern and presentations made to analysts/ institutional investors are also made available on Company's website <http://www.sonata-software.com>.
- Presentations made to the institutional investors and financial analysts on the Company's financial results are uploaded on the Company's website <https://www.sonata-software.com/about-us/investor-relations/quarterly/results>.
- Your Company also sends quarterly financial updates to all the Shareholders whose e-mail IDs/ addresses are registered/ available with the RTA and the Company.

- Frequently Asked Questions (FAQs) giving details about the Company and its shares are uploaded on the Company's website at <https://www.sonata-software.com/about-us/investor-relations>.

## XI. GENERAL SHAREHOLDER INFORMATION

### 1. Annual General Meeting (AGM)

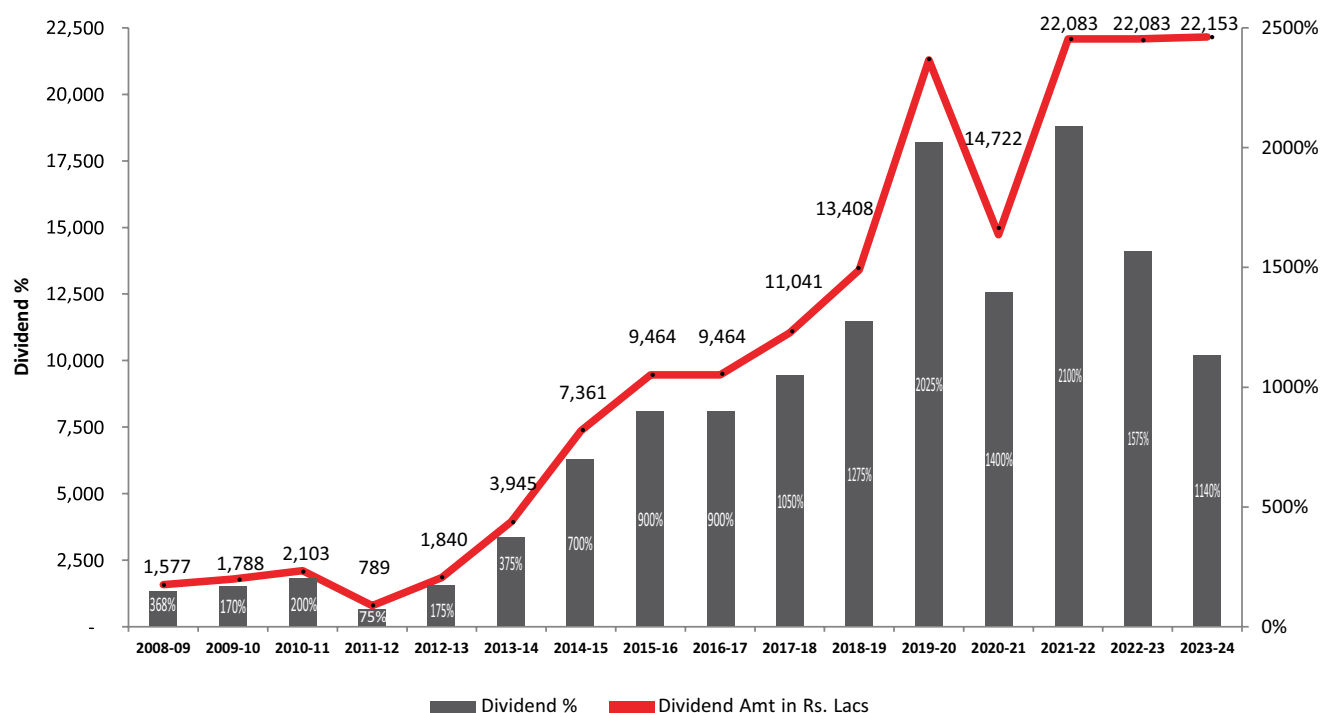
The ensuing Annual General Meeting of the Company will be held on Tuesday, 6<sup>th</sup> August, 2024 at 4:00 p.m. IST through Video Conferencing (VC) / Other Audio-Visual Means (OAVM). Pursuant to the General Circular No. 09/2023 dated September 25, 2023, issued by the Ministry of Corporate Affairs (MCA) and Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023 issued by SEBI, which dispensed the requirement to conduct AGM at a venue for meetings scheduled in the calendar year 2024. For further details, please refer to the Notice of this AGM.

### 2. Financial Year

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

### 3. Payment of Dividend

The Company paid an interim dividend of ₹ 7.00/- per equity share (700%) on 7<sup>th</sup> November, 2023. Your Board has also recommended a final dividend of ₹ 4.40/- per equity share (440%) subject to the approval of the shareholders at the ensuing AGM.



### 4. Listing on Stock Exchanges & Stock Code

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

#### BSE Limited (BSE)

Phiroze Jeejeebhoy Towers Dalal Street, Fort

Mumbai – 400 001

Stock Code: 532221

## National Stock Exchange of India Limited (NSE)

Exchange Plaza, 5th Floor, Plot No. C/1

G Block, Bandra-Kurla Complex, Bandra (E) Mumbai – 400 051

Stock Code: SONATSOFTW

- (b) Listing fees for the Financial Year 2023-24 have been paid to the above-mentioned stock exchanges.
- (c) As of 31<sup>st</sup> March, 2024 your Company had 1,44,972 shareholders.

### 5. Stock Market Data

- (a) Market Capitalization as of 31<sup>st</sup> March, 2024:

₹ 20,270.5 crores (BSE)

₹ 20,256.48 crores (NSE)

- (b) Number of share traded during FY 2023-24:

BSE: 70 lakhs (approx.) & NSE: 13.20 Crores (approx.)

- (c) The monthly high and low quotations of shares traded at BSE and NSE during financial year 2023-24 and performance in comparison with BSE Sensex are as given below:

(Amount in ₹)

Month	BSE		NSE		BSE Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High (₹)	Low (₹)
Apr-23	902.00	790.05	902.95	788.95	61209.46	58793.08
May-23	990.00	805.00	990.00	802.95	63036.12	61002.17
Jun-23	1078.15	960.70	1078.00	962.10	64768.58	62359.14
Jul-23	1094.00	939.00	1094.70	950.25	67619.17	64836.16
Aug-23	1084.45	967.15	1085.00	966.55	66658.12	64723.63
Sep-23	1147.40	1025.00	1148.90	1025.05	67927.23	64818.37
Oct-23	1195.00	1021.40	1195.75	1025.55	66592.16	63092.98
Nov-23	1405.00	1361.75	1408.95	1135.00	67069.89	63550.46
Dec-23	1485.30	709.25	1485.00	708.45	72484.34	67149.07
Jan-24	779.60	694.70	779.50	694.55	73427.59	70001.6
Feb-24	867.10	717.70	870.00	710.50	73413.93	70809.84
Mar-24	836.15	704.85	840.00	704.05	74245.17	71674.42

### 6. Share Transfer System / Investor Service

#### Share Transfer System

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

However, investors are not barred from holding shares in physical form. We request shareholders whose shares are in the physical mode to dematerialize their shares. Shareholders holding shares in dematerialized mode have been requested to register their email addresses, bank account details and mobile numbers with their depository participants. Those holding shares in physical mode have been requested to furnish PAN, nomination, contact details, bank account details and specimen signatures for their corresponding folios.

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

As the Company's shares are traded in dematerialized form, transfer requests are processed and approved in electronic form by NSDL/CDSL through their depository participants. The Shareholders may refer to the Notes of the Notice of this AGM regarding the process to be followed for dematerializing their shares or can visit the company's website at <https://www.sonata-software.com/about-us/investor-relations>.

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

Details of complaints received and resolved from 1<sup>st</sup> April, 2023 to 31<sup>st</sup> March, 2024:

Complaints	Received	Resolved	Pending
Non-receipt of dividend	26	26	0
Non-receipt of Annual Report	2	2	0
Others	12	12	0
<b>Total</b>	40	40	0

### Investor grievances and investor contacts

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

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

Communication with the shareholders

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



## 7. Distribution of shareholding

### (a) Distribution Schedule

Range of equity shares held	As of 31 <sup>st</sup> March, 2024				As of 31 <sup>st</sup> March, 2023			
	No. of share holders	% to total holders	No. of shares	% to total shares	No. of share holders	% to total holders	No. of shares	% to total shares
1-500	132807	88.98	10118958	3.61	98222	88.79	6139485	4.38
501-1000	7741	5.19	5273132	1.88	5697	5.15	4010989	2.86
1001-5000	6814	4.57	13610631	4.85	5420	4.90	10686260	7.62
5001-10000	910	0.61	6074121	2.17	633	0.57	4351922	3.10
Over 10001	980	0.66	245347974	87.49	652	0.59	115023752	82.04
Total	149252	100.00	280424816	100.00	110624	100.00	140212408	100.00

### (b) Shareholding Pattern

Category	As on 31 <sup>st</sup> March, 2024				As on 31 <sup>st</sup> March, 2023			
	No. of share holders	% to total holders	No. of shares	% to total holders	No. of share holders	% to total holders	No. of shares	% to total holders
Promoters	5	0.00	78995862	28.17	7	0.01	39497931	28.17
Body Corpo-rates	1241	0.83	6927233	2.47	919	0.83	4345358	3.10
FII's / NRIs	4271	2.86	42614857	15.20	3174	2.87	20301387	14.48
IFIs/Mutual Funds/Banks	102	0.07	53449291	19.06	45	0.04	19441248	13.87
Trusts	11	0.01	2956534	1.05	9	0.01	1648620	1.18
Clearing Mem-bers	9	0.01	9735	0.00	70	0.06	28365	0.02
Public	143613	96.22	95471304	34.05	106400	96.18	54949499	39.18
Total	149252	100.00	280424816	100.00	110624	100.00	140212408	100.00

### (c) Top five equity shareholders of the Company.

Name of the shareholders	As on 31 <sup>st</sup> March, 2024		As on 31 <sup>st</sup> March, 2023	
	No. of shares*	% of holding	No. of shares	% of holding
Hemendra M Kothari	2,55,99,986	9.13%	12,799,993	9.13%
Akshay Rajan Raheja	22,000,000	7.85%	11,000,000	7.85%
Viren Rajan Raheja	22,000,000	7.85%	11,000,000	7.85%
Suman R Raheja	1,84,00,000	6.56%	9,200,000	6.56%
HDFC Multi cap fund (formerly known as HDFC small cap fund)	2,14,96,779	7.67%	11,432,645	8.15%

\* Also includes issuance of bonus shares in December 2023 in the ratio of 1:1

## 8. Dematerialization of shares and liquidity

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

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

Details of Shares held in Physical and Electronic form:

Particulars	As on 31 <sup>st</sup> March, 2024		As on 31 <sup>st</sup> March, 2023	
	No. of Shares	% of paid-up share capital	No. of Shares	% of paid-up share capital
Physical	6,52,345	0.23	8,36,524	0.59
Electronic	27,97,72,471	99.77	13,93,75,884	99.41
Total	28,04,24,816	100	14,02,12,408	100

Number of Shares dematerialized during FY 2023-24: 1,67,982 Shares.

Number of Shares rematerialized during FY 2023-24: NIL.

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

## 10. Office Locations

The addresses and contact details of offices/locations are given elsewhere in the Annual Report. Visit <https://www.sonata-software.com/about-us/locations> for more details.

## 11. The details of credit rating of the Company as at 31<sup>st</sup> March, 2024 is given below:

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

## 12. Tentative financial calendar for FY 2023-24

Financial results for the first quarter ending 30 <sup>th</sup> June, 2024	July, 2024
Financial results for the second quarter ending 30 <sup>th</sup> September, 2024	October, 2024
Financial results for the third quarter ending 31 <sup>st</sup> December, 2024	January, 2025
Financial results for the financial year ending 31 <sup>st</sup> March, 2025	May, 2025
Annual General Meeting for the year ending 31 <sup>st</sup> March, 2024	July, 2025

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

### Company Secretary

Sonata Software Limited

Tower-A, Sonata Towers, Global Village (Sattva Global City), RVCE Post, Kengeri Hobli, Mysore Road, Bengaluru 560059, India,

Email: [investor@sonata-software.com](mailto:investor@sonata-software.com)

Website: <https://www.sonata-software.com/>

**Name of RTA: KFin Technologies Limited**

Registrar and Share Transfer Agent

Karvy Selenium Tower B, Plot No.31-32 Gachibowli, Financial District Nanakramguda,  
Hyderabad - 500 032, India

Tel: (040) 67161591 Fax: (040) 23420814

Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)

Website: <https://www.kfintech.com>

## XII. OTHER DISCLOSURES

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

None

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

None

### C. Vigil Mechanism

The Company has established and put in place a Vigil Mechanism which has been approved by the Board at its meeting held on 26<sup>th</sup> May, 2014 and subsequently revised by the Board at its meeting held on 9<sup>th</sup> February, 2016, 10<sup>th</sup> August, 2020 and 25<sup>th</sup> October, 2023. This policy provides a secure framework to report genuine concerns about unethical behavior, actual or suspected fraud, theft, bribery, misappropriation of Company funds, financial reporting violations, misuse of intellectual property, mismanagement, significant environmental, safety or product quality issues, discrimination or harassment including sexual harassment, insider trading, actual or potential conflicts of interest, violation of Company's rules, Company's policies or violation of Code of Conduct of the Company.

The said policy has been communicated to the employees and is also available on the Company's website <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

The Company affirms that no employee has been denied access to the Audit Committee during the Financial Year 2023-24.

### D. Website of the Company:

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

### E. Reporting of Internal Auditor

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

### F. Mandatory/Non-Mandatory Requirements

During the Financial Year 2023-24, the Company –

- (a) has duly complied with all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
- (b) has adopted the following non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

- The Company has appointed separate persons to the post of Chairman and Managing Director. The Chairman of the Company is an Independent Director.
- The Company allows a direct reporting of Internal Auditor to Audit Committee.

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

The Policy for determining 'material' subsidiaries is posted on Company's website <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

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

The policy on dealing with related party transactions is posted on Company's website <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

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

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

**J. Details of Utilisation of Fund**

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

**K. Certificate from Company Secretary in Practice**

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

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

None.

**M. Auditors Remuneration :**

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

Particulars	₹ in lakhs
Remuneration for audit of the Company and its subsidiaries	185*
Remuneration for other services	52
Re-imbusement of out-of pocket expenses	9
Total	246

\*This includes additional fees of Rs. 55 lakhs for additional scope of Audit for FY 24, which will be paid in FY 25.

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

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

As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and



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

Further, the Policy also gives shelter to contract workers, probationers, temporary employees, trainees, apprentices of the Company and any person visiting the Company at its office. The Company has in place an effective mechanism for dealing with complaints relating to sexual harassment in the workplace. The Policy for Prevention, Prohibition and Redressal of Sexual Harassment of Women at Workplace has been uploaded on the Company's website at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>.

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

#### **O. Subsidiaries**

As on 31<sup>st</sup> March, 2024, Your Company had 26 subsidiaries (including Gapbuster Limited and Gapbuster Europe Limited which have been hived up and in process of closure). During the financial year, Sonata Information Technology Limited and Sonata Software North America Inc., are considered as material Subsidiaries.\*

- **Sonata Information Technology Limited**

In terms of the Company's Policy on determining "material subsidiary", during the financial year ended 31<sup>st</sup> March, 2024 Sonata Information Technology Limited was determined as a material subsidiary whose income/net worth exceeds 10% of the consolidated income/net worth of the Company in the immediately preceding financial year. Sonata Information Technology Limited was incorporated on 29<sup>th</sup> June, 2000 and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. M/s. B S R & Co LLP, Chartered Accountants (Registration No. 101248W/W-100022) conducts its Statutory Audit.

- **Sonata Software North America Inc.**

In terms of the Company's Policy on determining "material subsidiary", during the financial year ended 31<sup>st</sup> March, 2024 Sonata Software North America Inc was determined as a material subsidiary whose income exceeds 10% of the consolidated income of the Company in the immediately preceding financial year. Sonata Software North America Inc was incorporated on 17<sup>th</sup> April, 1992 in the State of California, United States of America. as local audit is not applicable, no statutory auditors are appointed.

\*Sonata Software Solutions Limited, during the previous financial year was not a material subsidiary.

### **XIII. NON-COMPLIANCE OF ANY REQUIREMENT OF THE CORPORATE GOVERNANCE REPORT OF SUB PARAS (2) TO (10) OF PART C OF SCHEDULE V OF SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.**

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

## **XIV. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODES**

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

## **XV. DECLARATION**

I, Samir Dhir, Managing Director and CEO of Sonata Software Limited, to the best of my knowledge and belief, hereby declare that all the Directors on the Boards and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Financial Year ended 31<sup>st</sup> March, 2024.

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

According to the applicable provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 (‘the Rules’), all unpaid or unclaimed dividends are required to be transferred by the Company to the IEPF established by the Central Government, after the completion of seven years. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the shareholders for seven consecutive years or more shall also require to be transferred to the DEMAT account created by the IEPF Authority. Accordingly, the Company has transferred the unclaimed and unpaid dividends. Further, the corresponding shares are transferred as per the requirement of the rules, details of which are provided on our website, at [www.sonata-software.com](http://www.sonata-software.com). Members who have not yet encashed their dividend warrant(s) of the final dividend for the financial year 2016-17 and onwards are requested to make their claims without any delay.

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

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

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

## **XVII. CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

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

# CEO / CFO CERTIFICATION

To

The Board of Directors  
Sonata Software Limited  
Mumbai

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

- (a) We have reviewed Financial Statements and the Cash Flow Statements for the year ended March 31, 2024 and:
  - (i) These Financial Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) These Financial Statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;
- (b) There is, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended March 31, 2024, which is fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and Audit committee that for the year ended March 31, 2024, there were:
  - (i) No significant changes in Internal Control over financial reporting during the quarter;
  - (ii) No significant changes in accounting policies during the quarter and that the same have been disclosed in the notes to the financial statement; and
  - (iii) No instances of significant fraud of which we have become aware and there has been no involvement therein of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.
- (e) the financial results do not contain any false or misleading statement or figures and do not omit any material fact which may make the statements or figures contained therein misleading.

**Samir Dhir**  
Managing Director & CEO

Date: 7<sup>th</sup> May, 2024

**Jagannathan C N**  
Chief Financial Officer

# Corporate Governance Compliance Certificate

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

To,

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

We have examined the compliance of conditions of Corporate Governance by Sonata Software Limited (CIN: L72200MH1994PLC082110) (the Company), as stipulated under Regulations 17 to 27, clauses (b) to (i) of sub regulation (2) of Regulation 46 and para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI Listing Regulations) for the financial year ended March 31, 2024.

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

On the basis of our findings from the examination of the records produced and explanations and information furnished to us and the representation made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations for the financial year ended March 31, 2024.

Place: Bengaluru  
Date: 7<sup>th</sup> May, 2024

**P. G. HEGDE**  
Hegde & Hegde  
Company Secretaries  
FCS: 1325 / C.P.No: 640  
UDIN: F001325F000313571

# Certificate of Non-Disqualification of Directors

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

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

On the basis of the written representation/declaration received from the directors and taken on record by the Board of Directors, as on March 31, 2024, none of the directors on the board of the Company has been debarred or disqualified from being appointed or continuing as director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory authority.

Place: Bengaluru  
Date: 7<sup>th</sup> May, 2024

**P. G. HEGDE**  
Hegde & Hegde  
Company Secretaries  
FCS: 1325 / C.P.No: 640  
UDIN: F001325F000313637



# Business Responsibility and Sustainability Report (BRSR)

SECTION A General disclosure

SECTION B Management and process disclosure

SECTION C Principle-wise performance disclosure

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

## SECTION A: General disclosure

### I. Details of the listed entity

1.	<b>Corporate Identity Number (CIN) of the Company</b>	L72200MH1994PLC082110
2.	<b>Name of the Company</b>	Sonata Software Limited
3.	<b>Year of Incorporation</b>	1994
4.	<b>Registered office address</b>	No. 208, T V Industrial Estate, 2nd Floor, S K Ahire Marg, Worli, Mumbai, Maharashtra 400 030, India
5.	<b>Corporate office address</b>	Sonata Towers, Global village, RVCE Post Mysore Road, RV Niketan, Bangalore, Bangalore South, Karnataka, India, 560059
6.	<b>E-mail</b>	info@sonata-software.com
7.	<b>Telephone</b>	+91 80 6778 1000
8.	<b>Website</b>	<a href="https://www.sonata-software.com/">https://www.sonata-software.com/</a>
9.	<b>Financial year for which reporting is being done</b>	2023-24
10.	<b>Name of the Stock Exchange(s) where shares are listed</b>	BSE Limited, National Stock Exchange of India Limited
11.	<b>Paid-up Capital</b>	Rs. 28,04,24,816
12.	<b>Name and contact details (telephone, email address) of the person for BRSR Reporting</b>	info@sonata-software.com +91 80 6778 1000
13.	<b>Reporting boundary</b>	Consolidated
14.	<b>Name of assurance provider</b>	NA
15.	<b>Type of assurance obtained</b>	NA

## II. Product/Services

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

S.No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1	Information Technology Services and Solutions	Other information and communication service activities Computer Programming consultancy and related activities	>90% of the turnover

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

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

## III. Operations

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

S.No.	Location	Number of plants	Number of offices	Total
1	National	NA	12	12
2	International	NA	21	21

### 19. Markets served by the entity

#### a. Number of locations served

S.No.	Number of Locations served	Number
1	National (No.of States)	7
2	International (No.of Countries)	17

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

42%

#### c. Briefly explain the types of customers

Sonata Software Limited (Sonata/ The Company) has presence across various sectors that include Retail, Manufacturing, Banking, Financial Services and Insurance(BFSI), Healthcare and Life Sciences(HLS), Technology, Media and Telecom(TMT) and Emerging Technologies with a geographic presence across America, UK, Ireland, Europe, ANZ and APAC. Sonata's focus has been on the following industry verticals:

- Agri Production
- BFSI
- Commodity Business
- Consumer Product Goods
- Energy Resources and Utilities
- Healthcare
- High Technology
- Independent Software Vendors (ISVs)
- Manufacturing & Distribution

- Retail
- Service Industries
- Travel, Transportation and Logistics

#### IV. Employees

### 20. Details as at the end of Financial Year:

#### a. Employees and workers (including differently abled):

S.No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
	<b>Employees</b>					
1.	Permanent (D)	6043	4157	69%	1886	31%
2.	Other than permanent (E)	373	282	76%	91	24%
3.	Total employees (D+E)	6416	4439	69%	1977	31%
	<b>Workers</b>					
4.	Permanent (F)	NA	NA	NA	NA	NA
5.	Other than permanent (G)	188	164	87%	24	13%
6.	Total workers (F+G)	188	164	87%	24	13%

#### b. Differently abled Employees and workers:

S.No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
	<b>Differently abled Employees</b>					
1.	Permanent (D)	NA*	NA*	NA*	NA*	NA*
2.	Other than permanent (E)	NA*	NA*	NA*	NA*	NA*
3.	Total Differently abled employees (D+E)	NA*	NA*	NA*	NA*	NA*
	<b>Differently abled Workers</b>					
4.	Permanent (F)	Nil	Nil	Nil	Nil	Nil
5.	Other than permanent (G)	Nil	Nil	Nil	Nil	Nil
6.	Total Differently abled workers (F+G)	Nil	Nil	Nil	Nil	Nil

\*Currently Not Available / Not Captured. We have initiated the process to capture the Differently able employees and worker's data.

### 21. Participation/Inclusion/Representation of women

	Total	No. and percentage of Females	
	No. (A)	No. (B)	% (B/A)
Board of Directors	7	1	14.29%
Key Management Personnel	4	1	25.00%

## 22. Turnover rate for permanent employees and workers

Category	FY 2024			FY 2023			FY 2022		
	Male (%)	Female (%)	Total (%)	Male (%)	Female (%)	Total (%)	Total (%)		
Permanent employees	26%	23%	25%	17%	15%	16%	28%	24%	27%
Permanent workers	NA	NA	NA	NA	NA	NA	NA	NA	NA

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

### 23. Names of holding / subsidiary / associate companies / joint ventures

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

**Note:**

+Closed w.e.f 19<sup>th</sup> May, 2023



## VI. CSR Details

### 24.

#### i. Whether CSR is applicable as per section 135 of Companies Act, 2013: (Yes/No)

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

#### I. If yes, Turnover - 861,306 INR lakhs

#### II. Net worth - 140,629 INR lakhs

## VII. Transparency and disclosure compliances

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

Stakeholder group from whom? complaint is received	Grievance Redressal Mechanism in Place (Yes/No)  (If Yes, then provide web-link for grievance redress policy)	FY 2024			FY 2023		
		No of complaints filed during the year	No of complaints pending resolution at close of the year	Remarks	No of complaints filed during the year	No of complaints pending resolution at close of the year	Remarks
Communities	Yes, our Third-Party Code of Conduct & Business ethics and the Vigil Mechanism Policy serves as grievance redressal where any external stakeholder can report concerns. The link is given below the table.	NIL	NIL	NIL	NIL	NIL	NIL
Investors		NIL	NIL	NIL	NIL	NIL	NIL
Shareholders		40	NIL	All complaints resolved	63	Nil	All complaints resolved
Employees and workers		NIL	NIL	NIL	NIL	NIL	NIL
Customers		NIL	NIL	NIL	Nil	Nil	Nil
Value Chain Partners		NIL	NIL	NIL	NIL	NIL	NIL
Other (please specify)		NA	NA	NA	NA	NA	NA

Link: <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>

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

S. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Human Capital Development, Retention & Labor Practice	Risk	Sonata is a people-focused and talent conscious enterprise and to achieve leadership and scalable growth, the Company has aligned competencies of its human capital with technology enablement. Shifts in the global trends towards adoption of digital solutions have highlighted skilled-labour imbalance. The success of our company largely depends on attracting, motivating and retaining highly skilled technology professionals.	Sonata deploys best-in-class principles and practices to maintain a strong bond between the Management and the employees. Employee engagement is high, with periodic engagement programs across levels within the organization. Sonata's emphasis on its DNA (Deep Nurtured Attributes) coupled with exciting rewards and recognition, binds employees to the Company.	Positive: Improves people's performance, experience and has a direct impact on the Company's growth and customer satisfaction.
2	Corporate Governance & Business Ethics	Risk and Opportunity	Sonata is committed to good Corporate Governance. The fundamental objective is "enhancement of the long-term shareholder value while at the same time protecting the interests of other stakeholders without compromising on compliances of any laws and regulations. As regulations get stringent with time, we want to be prepared for future requirements while constantly reviewing our governance practices.	We have policies, processes, and systems to practice our philosophy on Corporate Governance. Recent additions to policy.	Negative: Incorporating policies and practices to ensure good governance enhances stakeholder trust in the organization.
3	Privacy Protection & Cybersecurity	Risk	Expansion of company operations and remote working could lead to an increase in data breaches. Effective management is essential to follow regulations across the globe and maintain a reputation among clients. We may incur financial liabilities if we do not breach privacy and incidents get reported.	We completed the new certification audits of Information Security Management System as per ISO 27001 standard and Service Management System as per ISO20000 Standard and added these new certifications for delivering Cloud Management and Support services.	Negative: these incidents can lead to regulatory and reputational implications.

S. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
4	Climate Change (Climate Risk & GHG Emissions)	Risk and Opportunity	Climate Change risks are increasingly affecting our operations and profitability. The probability of carbon taxes in the coming years can impact our expanding opportunities. Initial investment for transitioning to low-carbon economy may be higher but long-term cost benefits will materialize through use of renewable energy and energy efficiency measures. We can also drive our revenue from providing climate-related technologies and services.	Sonata has successfully implemented energy efficiency and emission reduction initiatives. It has helped Sonata in reducing operational costs as well as reducing our carbon footprint. Furthermore, we want to transition to Renewable Energy and become Carbon Neutral by 2030 to eliminate dependability on Grid energy.	Positive: Financial implications can be high initially owing to increased operating costs in meeting the environmental standards but provide scope to stay competitive and capitalize on shifting preferences.
5	Customer Relationship Management	Opportunity	Customer relationships are central to our organization. Our ability to grow our customer base depends on the pace at which organizations digitally transform. Our strong digital services have been at the forefront delivering the business transformations for customers, through thought leadership, customer centricity, and execution excellence. To keep up with the changing consumer demand, we have now adopted bots or virtual assistants. This is likely to create huge growth opportunities for the market. The pandemic has created dynamic purchasing patterns of consumers and thus, major players in the market are developing ingenious solutions to cater to this changing demand.	To keep up with the changing consumer demand, we have developed and launched Harmoni.AI, the Responsible-first AI for Enterprises with a bouquet of Industry solutions, service delivery platforms, and accelerators using Generative Artificial Intelligence. Our offerings around Digital and Modern Engineering has matured and evolving very fast to meet the everchanging needs customers. The offering range from advisory consulting for digital transformation using Platformation approach, designing, building, deploying, and managing platforms.	Positive: Our customer relationships, stakeholder engagement, and proprietary tools to ensure faster r time to market and cost Savings and agile delivery have helped us acquire new customers and retain existing clients.

S. No.	Material issue identified	Is it risk or opportunity (R/O)	Rationale for identifying the risk / opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
6	Human Rights and Health & Safety	Opportunity	Sonata has an EHS team to ensure the employee's health and safety. Sonata has EHS policy for offices which is considered Safety of workers at workplace.	Sonata has helped its employees during COVID pandemic, with regard to assistance during hospitalization, vaccination & ambulance. Sonata is also finalizing its EHS policy for offices which will consider Safety of workers at workplace	Positive: Significant interventions for employee engagement, training and grievance redressal mechanisms in place have helped in employee retention.
7	Corporate citizenship & Philanthropy	Opportunity	Sonata works towards enhancing value creation in the society and in the community in which it operates, through its services, conduct & initiatives, to promote sustained growth in the society and community around it along with environmental concern.	Sonata believes in driving its community wellbeing initiative through a rigorous mechanism and strategy. With help of NGO partners who are working on various community wellbeing aspects, we cater to society. Robust review across levels from leadership to management levels helps in early identification of gaps and resolution	Positive: Impact and positive outcome of our initiatives will help improve trust and credibility.
8	Risk and Crisis Management	Risk	Sonata is exposed to a variety of risks; financial, business and climate change risks. Our business may be adversely impacted by unforeseen economic reforms, unfavorable currency fluctuations, increasing competition, and regulations across regions.	Our Company's Risk Management practice seeks to sustain the long-term vision and mission of our Company. It continuously evaluates the various business risks and seeks to review and upgrade its risk management process. Our Board constantly formulates strategies directed at mitigating these risks which get implemented at the Executive Management level and a regular update is provided to the Board.	Negative: Various risks can have negative financial implications.



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

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

## SECTION B: Management and process disclosures

### 1. Policy and Management processes

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

Disclosure Questions		P1	P2	P3	P4	P5	P6	P7	P8	P9
P4	<a href="https://www.sonata-software.com/sites/default/files/financial-reports/2021-08/corporate-social-responsibility-policy.pdf">https://www.sonata-software.com/sites/default/files/financial-reports/2021-08/corporate-social-responsibility-policy.pdf</a> <a href="https://www.sonata-software.com/privacy-policy">https://www.sonata-software.com/privacy-policy</a>									
P5	<a href="https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/human_rights_policy.pdf">https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/human_rights_policy.pdf</a> <a href="https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/dei_policy.pdf">https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/dei_policy.pdf</a>									
P6	<a href="https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/sustainability_policy.pdf">https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/sustainability_policy.pdf</a> <a href="https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/ehs_policy.pdf">https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/ehs_policy.pdf</a>									
P7	<a href="https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/code_of_business_conductethics.pdf">https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/code_of_business_conductethics.pdf</a> <a href="https://www.sonata-software.com/about-us/investor-relations/corporate-governance">https://www.sonata-software.com/about-us/investor-relations/corporate-governance</a>									
P8	<a href="https://www.sonata-software.com/sites/default/files/financial-reports/2021-08/corporate-social-responsibility-policy.pdf">https://www.sonata-software.com/sites/default/files/financial-reports/2021-08/corporate-social-responsibility-policy.pdf</a> <a href="https://www.sonata-software.com/about-us/investor-relations/corporate-governance">https://www.sonata-software.com/about-us/investor-relations/corporate-governance</a>									
P9	<a href="https://www.sonata-software.com/sites/default/files/financial-reports/2021-08/corporate-social-responsibility-policy.pdf">https://www.sonata-software.com/sites/default/files/financial-reports/2021-08/corporate-social-responsibility-policy.pdf</a> <a href="https://www.sonata-software.com/about-us/investor-relations/corporate-governance">https://www.sonata-software.com/about-us/investor-relations/corporate-governance</a>									
2.	Whether the entity has translated the policy into procedures. (Yes / No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4	Name of the national and international codes/certifications/labels/ standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustee) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	a. ISO 9001: 2015 for Quality management system. b. ISO 20000-1 for Service Management System c. ISO 27001 for Information Security Management System d. CMMI- Best Practices for Product Engineering Development and Quality for ensuring predictable outcomes and driving continuous improvement e. Azure Expert Managed Service Provider: Microsoft Certification demonstrating the technical capabilities in the Microsoft Cloud Partner Program. f. 3rd Party Assurance for Greenhouse Gas Emissions Scope1,2,3 as per GHG protocol g. UNGC signatory h. CII Single Use Plastic free certification								
5	Specific commitments, goals and targets set by the entity with defined timelines, if any.	<b>Environment:</b> <ul style="list-style-type: none"> <li>Net Zero emission by 2050</li> </ul> <b>Social:</b> <ul style="list-style-type: none"> <li>Audit/Assessment of 10% Tier-1 suppliers.</li> <li>Aim to increase share of women in total workforce to 34-35% by 2025</li> </ul>								
6	Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	<b>Environment:</b> <ul style="list-style-type: none"> <li>TCFD Reporting and Risk assessment. Achieved</li> </ul> <b>Social:</b> <ul style="list-style-type: none"> <li>Audit/Assessment of 10% Tier-1 suppliers by FY 2024, to be gradually increased on Y-O-Y basis: Achieved</li> <li>Human Rights Due Diligence: Achieved</li> <li>Become UNGC Signatory by FY 2024: Achieved</li> </ul>								

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

## Governance, leadership and oversight

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

Sonata has committed to running a sustainable and socially responsible business. We are committed to Environment, Social, and Governance (ESG), and our ESG road map is detailed in our ESG Report FY' 24. Our commitment to ESG drives our business practices and approach to helping foster a healthier planet and stronger communities.

Samir Dhir, Managing Director & CEO

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

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

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

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

### 10. Details of Review of NGRBCs by the Company

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

\* The above responses are based only on the priority policy/ies disclosed under each principle.

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

The Policies are reviewed by external consultants, as and when required, to adopt best practices are followed.

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

Not Applicable



## SECTION C: Principle-wise performance disclosure

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

### ESSENTIAL INDICATORS

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

S.No	Segment	Total number of training & awareness programmes held	Topics / principles covered under the training	% age of persons in respective category covered by the awareness programmes
1	Board of Directors	1 training session (Annual)	As part of annual strategy planning process, the Company had organized the familiarization programme to its Independent Directors	100%
2	Key Managerial Personnel	1	Business development, ESG Risks and material issues including Environment, Climate change, emissions, Human rights, Diversity and inclusion, Governance, Ethics, Risk management, Supply chain etc.	50%
3	Employees other than BoD and KMPs	1248	<b>Technical:</b> Cloud (Azure, AWS, GCP), Dynamics( F&O, CE, PP), Power (BI, APPs, Automate), FED (Node, React, Angular, Typescript), Database(SQL, NOSQL, PL/SQL), Agile, Python, Data Analytics (AI, ML, Azure Data Analytics services, Fabric, RTA), Testing, Gen AI(LLMs, Prompt Engineering, Harmoni.ai, Azure Open AI, AWS Bedrock, Copilot) System Training & Process Training, Professional Skill. <b>Non Technical:</b> POSH, ESG, Infosec	Technical: 75 % Non Technical: 64 %
4	Workers	12	EHS Office ESI & PF awareness; About PF & ESI Punctuality; About PPE & Usage; Access Control and Basic of Fire; AED Operation; Awareness training on sustainability; Basic Cleaning Process-Self inspection the area; Basic Cleaning Process-Self inspection the area; Basics of FIRE and SAFETY; Communication Skills; Contractor trainings-UDS TRAINING; Crisis and Disaster management; Critical area & Equipment; Discipline; Grooming	100%

#### 2. Details of fines / penalties / punishment / award / compounding fees / settlement amount paid in proceedings (by the entity or by its directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions in FY 2024

No material monetary & non-monetary fines/penalties were paid in FY 2024.

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

Not Applicable

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

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

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

Web link- [https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/code\\_of\\_business\\_conductethics.pdf](https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/code_of_business_conductethics.pdf)

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

	Particulars	FY 2024	FY 2023
1	Directors	NIL	NIL
2	KMPs	NIL	NIL
3	Employees	NIL	NIL
4	Workers	NA	NA

**6. Details of complaints with regard to conflict of interest**

	Particulars	FY 2024		FY 2023	
		Number	Remarks	Number	Remarks
1	Number of complaints received in relation to issues of Conflict of Interest of the Directors	NIL	NIL	NIL	NIL
2	Number of complaints received in relation to issues of Conflict of Interest of the KMPs	NIL	NIL	NIL	NIL

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

Nil

**8. Number of days of accounts payables ((Accounts payable \*365) / Cost of goods/services procured) in the following format**

Segment	FY 2024	FY 2023
Number of days of accounts payables	79	80

**9. Openness of business.: Provide details of concentration of purchases and sales with trading houses, dealers, and related parties along-with loans and advances & investments, with related parties, in the following format:**

Parameter	Matrics	FY 2024	FY 2023
Concentration of Purchases	a. Purchases from trading houses as % of total purchases	Not Applicable	Not Applicable
	b. Number of trading houses where purchases are made from	Not Applicable	Not Applicable
	c. Purchases from top 10 trading houses as % of total purchases from trading houses	Not Applicable	Not Applicable

Parameter	Matrics	FY 2024	FY 2023
Concentration of Sales	a. Sales to dealers / distributors as % of total sales	Not Applicable (All sales are to direct customers)	Not Applicable (All sales are to direct customers)
	b. Number of dealers / distributors to whom sales are made	NA	NA
	c. Sales to top 10 dealers / distributors as % of total sales to dealers / distributors	NA	NA
Share of RPTs in	a. Purchases (Purchases with related parties / Total Purchases)	NA	NA
	b. Sales (Sales to related parties / Total Sales)	0.02	NA
	c. Loans & advances (Loans & advances given to related parties / Total loans & advances)	NA	NA
	d. Investments ( Investments in related parties / Total Investments made)	NA	NA

## LEADERSHIP INDICATORS

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

Total number of awareness programmes held	Topics / principles covered under the training	% of value chain partners covered (by value of business done with such partners) under the awareness programmes
4	Environmental, Health, Safety, Office Safety, Safe Driving, ESG, Sustainable procurement.	73%

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

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

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

### ESSENTIAL INDICATORS

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

Sr. NO.	Segment	FY 2024	FY 2023	Details of improvements in environmental and social impacts
1	R&D	NA	NA	NA
2	Capex	NA	NA	NA

### 2.

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

Yes, Sonata Procurement follows Local and Sustainable procurement. It is mentioned in our Code of Conduct for Suppliers/Vendors Section 4.15 Preferential Procurement

Refer [https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/coc\\_supplier\\_ve.pdf](https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/coc_supplier_ve.pdf)

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

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

70.5%. We have ongoing Supplier Assessments with our value chain.

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

**(a) Plastics (including packaging)**

Not Applicable

**(b) E-waste**

Not Applicable

**(c) Hazardous waste and**

Not Applicable

**(d) other waste**

Not Applicable

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

No

**LEADERSHIP INDICATORS**

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

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

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

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

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

Indicate input material	Recycled or re-used input material to total material	
	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
NA	NA	NA



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

Particular	FY 2024 (Current Financial Year)			FY 2023 (Previous Financial Year)		
	Re-Used	Recycled	Safely Disposed	Re-Used	Recycled	Safely Disposed
Plastics (including packaging)	NA	NA	NA	NA	NA	NA
E-waste	NA	NA	NA	NA	NA	NA
Hazardous waste	NA	NA	NA	NA	NA	NA
Other waste	NA	NA	NA	NA	NA	NA

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

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

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

**ESSENTIAL INDICATORS**

**1.**

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

Category	% of employees covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Employees</b>											
Male	3298	3298	100%	3298	100%	0	0	NA	NA	3298	100%
Female	1566	1566	100%	1566	100%	1566	100%	NA	NA	1566	100%
Total	4864	4864	100%	4864	100%	1566	100%	NA	NA	4864	100%
<b>Other than Permanent Employees</b>											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA

Note: Data specific to India.

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

Category	% of workers covered by										
	Total (A)	Health Insurance		Accident Insurance		Maternity Benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent Workers</b>											
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Other than permanent workers</b>											
Male	164	164	100%	164	100%	NA	NA	NA	NA	NA	NA
Female	24	24	100%	24	100%	NA	NA	NA	NA	NA	NA
Total	188	188	100%	188	100%	NA	NA	NA	NA	NA	NA

**c. Spending on measures towards well-being of employees and workers (including permanent and other than permanent) in the following format**

	FY 2024	FY 2023
Cost incurred on wellbeing measures as a % of company	0.30%	0.19%

**2. Details of retirement benefits for Current and Previous FY**

S. No.	Benefits	FY 2024			FY 2023		
		No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
1	PF	100%	NA	Y	100%	NA	Y
2	Gratuity	100%	NA	Y	100%	NA	Y
3	ESI*	100%	NA	Y	100%	NA	Y
4	Suprean-nuation	100%	NA	Y	100%	NA	NA
5	NPS	100%	NA	Y	100%	NA	NA

Note: Data specific to India.

\*All eligible compensation.

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

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

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

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

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

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

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

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent Workers	The Company has a Vigil Mechanism. This framework is backed by the policy and is used to receive and redress all grievances. We have in place an Internal Committee to redress complaints of sexual harassment. Complaints of sexual harassment at the workplace can be submitted to this Committee. Information about the Committee and its members is posted in the office as well as intra-net.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

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

Not Applicable

**8. Details of training given to employees**

Category	FY 2024					FY 2023				
	Total (A)	On Health and safety measures		On Skill upgradation (D)		Total (D)	On Health and safety measures		On Skill upgradation	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
<b>Employees</b>										
Male	4439	2574	58%	2762	62%	4486	2203	49.1	1954	44%
Female	1977	1184	60%	1931	98%	1948	1009	51.7	931	48%
Total	6416	3758	59%	3862	60%	6434	3212	49.9	2885	45%
<b>Workers</b>										
Male	164	164	100%	164	100%	121	121	100%	121	100%
Female	24	24	100%	24	100%	16	16	100%	16	100%
Total	188	188	100%	188	100%	137	137	100%	137	100%

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

Category	FY 2024			FY 2023		
	Total (A)	No (B)	% (B/A)	Total (C)	No (D)	% (D/C)
Employees						
Male	3298	NA*	NA	3894	3894	100%
Female	1566	NA*	NA	1711	1711	100%
Total	4864	NA*	NA	5605	5605	100%
Workers <sup>^</sup>						
Male	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA
Total	NA	NA	NA	NA	NA	NA
*Performance and Development cycle is ongoing and PDC will be completed for all eligible employees by July 2024.						
Note Data specific to India.						

## 10. Health and Safety Management System

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

Yes

1. Sonata has an EHS policy. Sonata aims for continuous improvement in employee safety by committing to provide a leading environmental, health, and safety (EHS) programme. We recognise our company's dependency and influence on the environment, community, and social well-being of all its stakeholders. Sonata is committed to safeguarding the health and safety of its workers. We have an in-house EHS staff that efficiently drives and monitors health and safety activities.
2. We have installed safety signs at all Indian offices, including fire and electrical safety measures. Our EHS staff ensures that all personnel are aware of these signs and adhere to the safety guidelines.
3. We collect monthly data from all of our offices on unsafe observations. We note this information in our EHS register and take the required remedial procedures to avoid any dangers.
4. We created an Emergency Preparedness Plan to guarantee that our personnel are ready to respond to any emergency circumstance. The document includes procedures for evacuation, first aid, fire safety, and other emergency situations.
5. To analyse each office's EHS status, we employ an EHS Audit checklist.
6. We conduct frequent Health and Safety Awareness workshops. Our personnel get training sessions, seminars, and workshops through these programmes.

Our Incident Management process includes four steps: Incident investigation, communication, recording and controlling, and root cause analysis for preventing measures. In case of any incident, our EHS team investigates it immediately and communicates the necessary information to all relevant parties. We record all incidents in an Incident Register and take necessary corrective actions to prevent future incidents. Our EHS team conducts root cause analysis to identify the cause of the incident and takes measures to prevent it from happening again.

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

Our EHS team has the process to identify the work related hazard. In order to identify potential hazards, we have developed a Hazard Identification and Risk Assessment (HIRA) document. Our Environmental Health and Safety (EHS) team use it for the identifying the hazard and assessing the risk and then to evaluate it for the operational control to mitigate the risk.



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

Yes, We have implemented an incident management procedure that encompasses incident reporting, thorough investigation, and the implementation of appropriate corrective measures. All employees and contract workers are mandated to report accidents, near-misses, and potential risks. Various mechanisms have been established to facilitate incident reporting, including Incident Communication metrics, a department-specific email address, and internal leadership communication, training and awareness, channels.

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

Yes

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

S. No.	Safety Incident/Number	Category	FY 2024	FY 2023
1	Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
		Workers	0	6.33
2	Total recordable work-related injuries	Employees	0	0
		Workers	0	2
3	No. of fatalities	Employees	0	0
		Workers	0	0
4	High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
		Workers	0	0

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

We organize office safety sessions aimed at enlightening our workforce about essential safety guidelines and recommended practices to adhere to during work hours. These sessions cover a spectrum of topics including fire safety, electrical precautions, and other potential hazards commonly encountered in office settings. In addition, we have facilitated mental health webinars to underscore the significance of mental well-being and equip our employees with effective strategies for managing stress and anxiety. comprehensive training on EHS safety has been provided to our administrative, security, and housekeeping personnel, guaranteeing their familiarity with safety protocols and best practices. First Aid training given to the employees

**13. Number of Complaints on the following made by employees**

	FY 2024			FY 2023		
	Filed during the year	Pending resolution at the end of the year	Remarks	Filed during the year	Pending resolution at the end of the year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

#### 14. Assessments for the year

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

Note: Data specific to India locations.

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

Not Applicable

#### LEADERSHIP INDICATORS

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

Yes

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

The Company ensures that statutory dues are deducted and deposited in accordance with regulations. The audits. We have regular governance with our partners.

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

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
Employees	0	0	0	0
Workers	0	0	0	0

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

Yes

##### 5. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	70.05%
Working Conditions	70.05%

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

Nil

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

### ESSENTIAL INDICATORS

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

We have identified both internal and external stakeholders based on their impact and relevance to our operations. Stakeholder engagement is a priority for us, and we have determined stakeholder priorities in consultation with management. Understanding the expectations of these stakeholders assists us in prioritizing strategies, policies, and action plans concerning the environment, economy, and society.

Key stakeholders encompass Investors, Customers, Employees, Regulators, Vendors/Suppliers. Industry associations, and Communities.

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

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

## LEADERSHIP INDICATORS

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

Sonata consults with its stakeholders for material economic, environmental, and social topics. We have done the materiality assessment to identify the topics important to business and its stakeholders. We engage with our stakeholders on ESG goals, target and performance. We consistently communicate our performance to our stakeholders via calls, emails, our website, and public disclosures. Additionally, our CSR & Sustainability Board committee convenes every quarter to deliberate on ESG topics. Moreover, ESG risks are addressed during meetings of the Board Risk Management Committee.

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

Yes, Sonata ESG strategy uses the inputs got from the stakeholder engagement.

Engaging with our stakeholders has been instrumental in identifying critical environmental and social factors within our operations.

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

The communities targeted for our CSR projects consist of vulnerable or marginalized groups. We have established an efficient monitoring and feedback system to track the progress of CSR initiatives and respond to the concerns raised by these communities. The CSR committee conducts regular governance checks to ensure the seamless implementation of CSR programs.

Moreover, we actively engage with our local suppliers and vendors through formal channels, including offline and online meetings, as well as awareness sessions. We monitor their performance and offer feedback and support as needed

### Principle 5: Businesses should respect and promote human rights.

#### ESSENTIAL INDICATORS

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

Category	FY 2024			FY 2023		
	Total (A)	No. of employees / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
Employees						
Permanent	6043	3466	57%	5605	1852	33%
Other than Permanent	373	362	97%	829	167	20%
Total employees	6416	3828	60%	6424	2019	31%
Workers						
Permanent	-	-	-	-	-	-
Other than Permanent	188	188	100%	137	137	100%
Total workers	188	188	100%	137	137	100%



## 2. Details of minimum wages paid to employees and workers

Category	FY 2024					FY 2023				
	Total (A)	Equal to minimum wage		More than minimum wage		Total (D)	Equal to minimum wage		More than minimum wage	
		No (B)	% (B/A)	No (C)	% (C/A)		No (E)	% (E/D)	No (F)	% (F/D)
Employees										
<b>Permanent</b>										
Male	4157	NA	NA	4157	100%	3894	0	NA	3894	100%
Female	1886	NA	NA	1886	100%	1711	0	NA	1711	100%
<b>Other than permanent</b>										
Male	282	NA	NA	282	100%	592	0	NA	592	100%
Female	91	NA	NA	91	100%	237	0	NA	237	100%
Workers										
<b>Permanent</b>										
Male	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Female	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Other than permanent</b>										
Male	164	0	NA	164	100%	121	0	NA	121	100%
Female	24	0	NA	24	100%	16	0	NA	16	100%

Note: Data specific to India.

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

### a. Median remuneration / wages:

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (INR in Lakhs)	Number	Median remuneration/ salary/ wages of respective category (INR in Lakhs)
Board of Directors (BoD)*	4	43.40	1	43.60
Key Managerial Personnel (KMP)^	3	456.34	1	100.70
Employees other than BoD and KMP	4436	14.3	1976	9.2
Workers	NA	NA	NA	NA

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

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

### b. Gross wages paid to females as % of total wages paid by the entity, in the following format:

	FY 2024	FY 2023
Gross wages paid to females as % of total wages	25%	NA

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

Yes.

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

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

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

	FY 2024		FY 2023	
	Filed during the year	Pending resolution at the end of year	Filed during the year	Pending resolution at the end of year
Sexual Harassment	0	0	0	0
Discrimination at workplace	0	0	0	0
Child Labour	0	0	0	0
Forced Labour/ Involuntary Labour	0	0	0	0
Wages	0	0	0	0
Other human rights related issues	0	0	0	0

**7. Complaints filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, in the following format:**

	FY 2024	FY 2023
Total Complaints reported under Sexual Harassment on of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH)	No Complaints	No Complaints
Complaints on POSH as a % of female employees / workers	NA	NA
Complaints on POSH upheld	NA	NA

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

We have in place an Internal Committee to redress complaints of sexual harassment.

We also have an internal policy which provides for interim measures for the protection of the complainant during the pendency of the complaint and enable the IC to issue restraint and other orders and take other measures to ensure that there is no adverse consequence on the complainant or the witnesses on account of their participation in the inquiry.

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

Yes

**10. Assessments for the year**

Section	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100% ( Human Right Due Diligence). The company ensures that the specified sections are adhered to in accordance with the law. Human rights considerations are integrated into our contracts and agreements, and we rigorously enforce compliance. Furthermore, we have conducted the Human right due diligence that comprehensively addressed all Human rights issues relevant to Sonata across all our locations.
Forced/involuntary labour	
Sexual harassment	
Discrimination at workplace	
Wages	
Others – please specify	

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

We comply with all applicable laws & have internal governance to address the risks associated.

**LEADERSHIP INDICATORS**

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

As per our Human Rights Policy, we are committed to protecting and upholding all Human Rights. Any detected breaches of Human Rights will be thoroughly analyzed using our internal procedures, relevant legislation, and existing agreements. This may potentially lead to the implementation of disciplinary measures.

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

Sonata has conducted the Human Rights Due Diligence exercise for the workforce to identify the prevalent human rights risk in the company. The assessment enabled the company to focus our attention on the most severe human rights issues identified and develop the right mitigation strategies for them. The assessment for the company was conducted through a mix of online and offline surveys for the important HR issues prevalent in the IT/Software sector.

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

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

**4. Details on assessment of value chain partners:**

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	Please see note under "Others"
Discrimination at workplace	Please see note under "Others"
Child Labour	Please see note under "Others"
Forced Labour/Involuntary Labour	Please see note under "Others"
Wages	Please see note under "Others"
Others – please specify	<p>70.05 % of our supplier were assessed on following parameters-</p> <ul style="list-style-type: none"> <li>• Environment management</li> <li>• Employment practices</li> <li>• Corporate Social Responsibility</li> <li>• Safety and health at workplace</li> <li>• Greenhouse gas emissions</li> <li>• Waste and Air pollutions</li> <li>• Green packaging</li> <li>• Green product</li> <li>• Awards and certifications</li> </ul> <p>We ask what the company does to apply fair employment practices, prevent child labor, provide equal wages, protect against harassment, equal opportunity, maternity care etc. to your workforce employees and sub-contractors</p>

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

Following our assessment, it was evident that our local vendors would benefit from training and awareness regarding Sustainability and ESG. To address this gap, we initiated training sessions for our suppliers, during which we shared industry best practices and heightened awareness regarding ESG principles..

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

**ESSENTIAL INDICATORS**

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

Parameter	FY 2024	FY 2023
From renewable sources		
Total electricity consumption (A)	6870884	4948598
Total fuel consumption (B)	0	0
Energy consumption through other sources (C)	0	0
Total energy consumed from renewable sources (A+B+C)	6870884	4948598
From non-renewable sources		
Total electricity consumption (D)	6452487	6169791
Total fuel consumption (E)	297521	363242
Energy consumption through other sources (F)	0	0
Total energy consumed from nonrenewable sources (D+E+F)	6750008	6533033
Total energy consumed (A+B+C+D+E+F)	13620892	11481631
Energy intensity per rupee of turnover (Total energy consumption/ turnover in rupees) (in MJ/rupees)	0.0001581	0.0001541
Energy intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total energy consumed / Revenue from operations adjusted for PPP)	0.003542371	0.00341716
Energy intensity in terms of physical output	NA	NA
Energy intensity (optional) – the relevant metric may be selected by the entity	NA	NA

Corrected minor change the FY 2023 nonrenewable energy numbers.

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) : No. If yes, name of the external agency

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

Not Applicable



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

Parameter	FY 2024	FY 2023
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Groundwater	3163	1557
(iii) Third party water	4673	16382
(iv) Seawater / desalinated water	-	-
(v) Others	-	-
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	7836	17939.8
Total volume of water consumption (in kilolitres)	7836	17939.8
Water intensity per rupee of turnover (Water consumed / turnover)	0.000000090979	0.0000002408
Water intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total water consumption / Revenue from operations adjusted for PPP)	0.00000204	0.00000534
Water intensity in terms of physical output	NA	NA
Water intensity (optional) – the relevant metric may be selected by the entity	NA	NA

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

### 4. Provide the following details related to water discharged:

Parameter	FY 2024	FY 2023
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
- No treatment	4168	6083
- With treatment – please specify level of treatment. Sent to builder STP for treatment	1001	3730
(ii) To Groundwater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iii) To Seawater	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(iv) Sent to third-parties	-	-
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
(v) Others		
- No treatment	-	-
- With treatment – please specify level of treatment	-	-
Total water discharged (in kilolitres)	5169	9813

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) No. If yes, name of the external agency. "No"

\*Corrected FY 2023 water discharge number.

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

Yes we have two offices having zero liquid discharge (Bangalore). The Mechanism is implemented by the landlord.

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

Parameter	Please specify units	FY 2024	FY 2023
NOx	Mg/nm3	487	500
SOx	Mg/nm3	273	279
Particulate matter (PM)	Mg/nm3	879	904
Persistent organic pollutants (POP)	NA	NA	NA
Volatile organic compounds (VOC)	NA	NA	NA
Hazardous air pollutants (HAP)	NA	NA	NA
Others – please specify	NA	NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) Yes, We get this data verified by external lab (Prasad Enviro Labs Private limited)

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

Parameter	Please specify units	FY 2024	FY 2023
Total Scope 1 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	68.4	191.8
Total Scope 2 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	1995.2	2300.6
Total Scope 1 and Scope 2 emission intensity per rupee of turnover (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations)	-	0.0000002396	0.0000003346
Total Scope 1 and Scope 2 emission intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP) (Total Scope 1 and Scope 2 GHG emissions / Revenue from operations adjusted for PPP)	-	0.00000053669	0.00000074
Total Scope 1 and Scope 2 emission intensity in terms of physical output		NA	NA
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity		NA	NA

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency. Yes, Earthood Services Private Limited has done the assurance for FY 2024 and FY 2023 data

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

Yes, At Sonata, we have implemented an active program aimed at reducing greenhouse gas (GHG) emissions. We are diligently monitoring our emissions and actively working to decrease them. Our efforts include the following initiatives::

- Operational optimization of engineering equipment during non-operational hours.
- Provided low-flow aerators for all hand washbasin sensor taps & provision of low-flow faucets at pantry & cafeteria dishwashing area.

- For AHUs provided back damper's which gets closed when one of the AHUs is switched OFF. This avoids the air leakage.
- Cold aisle containment for all the cold aisle to be done to increase the effective usage of cooling and to increase efficiency.
- Space Temperature Set-points changed to 24<sup>o</sup> C for energy efficiency.
- Optimizing/differing DG A-Check frequency by below options:  
Fortnightly Once. duction in Carbon Footprint.
- Ensure complete removal of dead loads during weekends, including turning off or unplugging heating elements of vending machines, switching off lighting circuits, and cutting off all manually operated loads.
- Renewable energy is used for the electricity requirement of Sonata Global Village offices in Bengaluru. This move is a testament to Company's commitment to reducing the carbon footprint and promoting eco-friendliness.

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

Parameter	FY 2024 (Current Financial Year)	FY 2023 (Previous Financial Year)
	Total Waste generated (in metric tonnes)	
Plastic waste (A)	0.4	0.25
E-waste (B)	7.8	5.26
Bio-medical waste (C)	0.0	0.0
Construction and demolition waste (D)	0.0	0.0
Battery waste (E)	10.1	1.62
Radioactive waste (F)	0.0	0.0
Other Hazardous waste. Please specify, if any. (G)	0.0	0.0
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e. by materials relevant to the sector)	Paper - 0.7, other -4.2, wet waste - 10.8	Paper - 0.02
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>33.97</b>	<b>7.15</b>
<b>Waste intensity per rupee of turnover</b> (Total waste generated / Revenue from operations)	0.00000000039	0.00000000010
<b>Waste intensity per rupee of turnover adjusted for Purchasing Power Parity (PPP)</b> (Total waste generated / Revenue from operations adjusted for PPP)	0.00000000088	0.00000000021
<b>Waste intensity in terms of physical output</b>	NA	NA
<b>Waste intensity (optional) – the relevant metric may be selected by the entity</b>	NA	NA
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		
Category of waste		
(i) Recycled	NA	NA
(ii) Re-used	NA	NA
(iii) Other recovery operations	NA	NA
<b>Total</b>	<b>NA</b>	<b>NA</b>

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)		
Category of waste	NA	NA
(i) Incineration	NA	NA
(ii) Landfilling	NA	NA
(iii) Other disposal operations	11.5	0.015
a. Sent to municipal corporation		
(iii) Other disposal operations	22.5	7.13
b. Selling to third parties authorized supplier.		
<b>Total</b>	<b>33.97</b>	<b>7.15</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency?: No. (Y/N) If yes, name of the external agency. All E-Waste, battery waste, hazardous waste are processed through approved/ authorized vendors. Data specific to India. FY 2023 Waste data is corrected.

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

Sonata operates as a IT service-provider firm. The bulk of our waste originates from asset disposal, DG set operation, and pantry waste. We adhere to all regulations concerning the disposal of electronic and hazardous waste. Additionally, we prioritize recycling efforts to minimize landfill contributions. Our Asset Management Policy mandates proper maintenance of electronics for prolonged use and ensures authorized disposal through designated e-waste recyclers. Furthermore, we mitigate waste by opting for refurbished laptops whenever feasible, thereby reducing overall waste production.

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

Not Applicable

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

Not Applicable

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

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

**LEADERSHIP INDICATORS**

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

Not applicable



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

Parameter	Please specify units	FY 2024	FY 2023
Total Scope 3 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub> equivalent	2603.53	2294.6
Total Scope 3 emissions per rupee of turnover	Metric tonnes of CO <sub>2</sub> equivalent	0.00000003023	0.00000003080
Total Scope 3 emission intensity (optional) – the relevant metric may be selected by the entity		NA	NA

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

Yes, Earthood Services Private Limited has done the assurance for FY 2024 and FY 2023 data.

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

No Applicable

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

S. No.	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with+ summary)	Outcome of the initiative
1	Renewable energy	Use of renewable energy in our total energy consumption	Decrease in emissions
2	Bathroom water management system	We use HUIDA system for the wash-rooms of offices	water use is considerably lowered as compared to a standard commode flush.
3	Office air conditioning control	Space Temperature Set-points changed to 24 <sup>o</sup> C.	Reduction in energy consumption. Saving on emissions.
4	Routine maintenance	Performing routine maintenance on UPS and AC plants to ensure optimal functioning of the equipment.	Increased efficiency
5	Air conditioning	Cold aisle containment for all the cold aisle to be done to increase the effective usage of cooling and to increase efficiency.	Reduction in energy consumption. Saving on emissions.
6	Single Use Plastic free certification	Not using the single use plastic for water bottle and all other usage.	Reduces waste.
7	Lighting Sensor	Auto ON/OFF movement	Energy saving

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

Yes, the Company has a Business Continuity plan and disaster recovery plan, this is Audited and certified for ISO 27000 and SOC 2.

- This plan will provide procedures for responses to an emergency, evacuation in an emergency situation to vulnerable employees.
- This plan will identify and assign personnel to various tasks and responsibilities for emergency situations and response operations.
- This plan will coordinate emergency response tasks with Landlord Teams and Government Authorities.
- The risk assessment for the Fire, Human-Caused (e.g., Bomb Threats, suspected devices, Entry of Strangers and Serious Violence), Natural (e.g., Earthquake/ collapse of building, Flood, Storms. etc.), Electrical Hazards, LPG leak, Health (e.g., Pandemic, Epidemic, COVID - 19) is prepared.
- This risk assessment includes the Risk associated with Recovery measures hazard, Risk rating refer to risk assessment matrix, Key prevention measures include and Key response measures.

**6. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

We have integrated supplier evaluation and engagement into our supply chain process. All our product or service suppliers are required to complete our supplier environment assessment form, where they are evaluated based on their responses. Our assessment encompasses criteria such as GHG emissions and commitment to sustainability initiatives. Quarterly, we actively engage with our suppliers to raise awareness and enhance competence regarding climate-related issues through training sessions. Additionally, we prioritize suppliers who demonstrate strong performance in our assessment process, while being cautious about engaging with new vendors who score poorly. This approach not only ensures environmental accountability but also serves as an incentive for suppliers to undertake climate change mitigation measures.

**7. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

70.05%.

**Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**ESSENTIAL INDICATORS**

**1.**

**a. Number of affiliations with trade and industry chambers / associations**

SSL is affiliated with 2 trade and industry chambers namely NASSCOM and CII.

**b. List the top 10 trade and industry chambers / associations (determined based on the total members of such a body) the entity is a member of / affiliated to.**

S.No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	NASSCOM	National
2	CII	National

**2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.**

NIL

**LEADERSHIP INDICATORS**

**1. Details of public policy positions advocated by the entity:**

Not Applicable. The company does not participate in public advocacy.

## Principle 8: Businesses should promote inclusive growth and equitable development

### ESSENTIAL INDICATORS

#### 1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year

Not applicable. Although we have not received a notification for Social Impact Assessment, Sonata has proactively conducted third party Social Impact Assessment for Three of our completed projects. Details are provided below:

Name and brief details of project	SIA Notification No.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes/No)	Relevant Web link
Agastya International Foundation	NA	NA	Yes	Yes, Mentioned in Annual Report	Yes, Mentioned in Annual Report
Industree	NA	NA	Yes	Yes, Mentioned in Annual Report	Yes, Mentioned in Annual Report
ISDM	NA	NA	Yes	Yes, Mentioned in Annual Report	Yes, Mentioned in Annual Report

#### 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity in the following format

Not Applicable

#### 3. Describe the mechanisms to receive and redress grievances of the community

We maintain both formal and informal engagement with our stakeholders. Our CSR team is accessible to NGO partners for any required support, with all lines of communication open. Formal dialogues are established through weekly meetings with NGO partners, quarterly or semi-annual governance sessions with all program partners led by the CSR Head, and quarterly meetings with the Board and CSR committee. Additionally, we conduct offline meetings with the community as needed. At Sonata Software, we strongly believe that stakeholder engagement and involvement are essential for fulfilling CSR objectives. We periodically engage with stakeholders on CSR matters and projects, actively involving our employees in volunteering for CSR initiatives. Our Board and leadership are kept abreast of CSR implementation and updates, and we communicate our progress to investors, employees, and the public through social media channels and reports. The CSR team collaborates closely with NGO partners and the community, holding weekly meetings to discuss progress, address queries and feedback, and identify ways to offer support.

Furthermore, our Third-Party Code of Conduct and Business Ethics serves as a grievance redressal mechanism, allowing external stakeholders to report any concerns they may have

<https://www.sonata-software.com/sites/default/files/financial-reports/2019-09/Sonata-Third-Party-Codeof-Conduct-and-Business-Ethics-2016.pdf>

#### 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers

Directly sourced from MSMEs/ small producers	FY 2024	FY 2023
Directly sourced from MSMEs/ small producers	5.71%	2% MSME Vendors
Sourced directly from within the district and neighboring districts	Bangalore- 47%% Neighbouring districts: 27% Others- 26 %	Sourced directly from Bangalore-66% Others-33%

**5. Job creation in smaller towns – Disclose wages paid to persons employed (including employees or workers employed on a permanent or non-permanent / on contract basis) in the following locations, as % of total wage cost**

	FY 2024	FY 2023
Rural	0	0
Semi-urban	0	0
Urban	0	0
Metropolitan	100%	100%

**LEADERSHIP INDICATORS**

**1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):**

Details of negative social impact identified	Corrective
Nil	Nil

**2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:**

S. No.	State	Aspirational District	Amount spent (In INR)
NA	NA	NA	NA

**3. a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)**

Yes, our Supplier Code of Conduct emphasizes a preference for sourcing from suppliers belonging to marginalized or vulnerable groups. For instance, we prioritize procuring materials and services from localized vendors, and we specifically favor local and marginalized or vulnerable businesses when purchasing corporate gifts.

**b. From which marginalized /vulnerable groups do you procure?**

Local Artisans, Handicrafts, Women groups, Local vendors

**c. What percentage of total procurement (by value) does it constitute?**

<1%

**4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge.**

S. No	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
NA	NA	NA	NA	NA

**5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved**

Name of Authority	Brief of the case	Corrective Actions taken
NA	NA	NA



## 6. Details of beneficiaries of CSR Projects:

S. No.	CSR Project		No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
Sonata has 4 entities applicable for CSR. SSL, SITL SSSL, Encore . The details for each are mentioned below				
Projects under Sonata Software Limited ("SSL")				
1	Agastya International Foundation	Technical assistance for the development of the student-Teacher Engagement Platform (STEP) to help teachers to effectively engage with their students in rural areas.	100+	100%
2	Industree Crafts Foundation	Development and enhancement in Industree Seller and Channel App. Online Repository for Artisans to keep their designs and products	2000+	100%
3	Academy of Family Physicians of India (AFPI)	Development and enhancement of AFPI website for more features and effective organizational operation	300+	100%
4	ISDM (Indian School of Development Management)	Redesign of the existing ISDM website into a new website that will serve as a digital reflection of ISDM as an institution	2.86+ Lakhs	100%
Projects under Sonata Information Technology Limited ("SITL")				
1	MAP (Museum of Art and Photography)	Building an Ecosystem for Diversity & Inclusion of Women in India through the Visible & Invisible Program	200+	100%
2	Samatvam Trust	Medical attention and supplies to poor children and teens with Type 1 diabetes	13	100%
3	AFPI (Academy of Family Physicians of India)	Supporting Primary Healthcare Leadership Fellowship program of AFPI	100+	100%
4	SKSVMA College of Engineering	Scholarships for underprivileged engineering girls for their studies in Computer Science/ Information Systems and Electronics & Communication.	6	100%
5	Deccan Heritage Foundation	Preservation of Cultural Heritage by supporting the restoration of Rang Mahal at Hyderabad.	1408	100%
6	Olympic Gold Quest (OGQ)	Training to athletes and para-athletes in 8 disciplines, including shooting, badminton, archery, cycling, boxing, wrestling, powerlifting, and athletics, for the Paris 2024 Olympics and Paralympics	391	100%

S. No.	CSR Project		No. of persons benefitted from CSR Projects	% of beneficiaries from vulnerable and marginalized groups
7	Centum Foundation	Promoting education and increase career opportunities for impoverished, diverse youngsters in the IT field by giving I give a Full Stack Development course to 500 beneficiaries	500	100%
8	Farmers for Forest	Plantation of trees and development of Miyawaki forest for better biodiversity in urban areas and lowering carbon emissions	5000 Trees	100%
9	Swasti	Promoting diversity and inclusion in society, providing the Telecare health service to LGBTQ+ Community	2000	100%
10	Wildlife SOS	Wildlife conservation. The project focuses on the rescue of dancing sloth bears and providing shelter god healthy conditions	6	100%
11	Ashray Akruti	Empowering hearing-impaired students from lower socio-economic backgrounds providing them special education to include them in mainstream society.	8000	100%
12	NIIT foundation	Digital skilling to underprivileged students. The program includes providing a Certificate Program in CCNA (Hardware and Networking), AI & Data Analytics, and Web Development courses to the beneficiaries from underserved communities.	300	100%
Projects under Sonata Software Solutions Limited ("SSSL")				
1	Roshni Trust	Support to people living in underprivileged communities to be able to identify symptoms of mental illness to get rid of the taboos associated with it	1313	100%
2	Agastya Foundation	Development of the educational platform Welearn App	52,000+	100%
3	WOTR (Watershed Organisation Trust)	Watershed management Improving Agricultural Productivity through Water Resources Development.	1000+	100%
4	Second Chance Sanctuary	Infrastructure development for Dog Rescue Center in Bangalore	30+	100%
Projects under Encore				
1	AVTAR Human Capital Trust	The project "Puthri" covers 100 Puthri girls' scholars at Dindigul Urban School. To create Career Intentionality among underprivileged girl students	100	100%

## Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner

### ESSENTIAL INDICATORS

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback

Sonata has a well-defined process for Customer feedback survey which is typically done:

- At Critical Milestone or Release or Phase Completion
- At Project Completion
- At least every Six Month in case of multi-year annuity projects

Customer Feedback Survey is administered through the online Customer Feedback Survey tool. A defined set of questions based on Project type, delivery model and role and is triggered using Customer Feedback Survey tool.

Responses received are published internally by Customer Success team and feedback may include positive feedback, opportunities for improvement and any customer concerns. If Overall or Parameter Score less than Target or there are improvement areas suggested in the survey, the PM will identify corrective plan. Typically, the following are sources of Customer Complaints, but limited to. 1) Any direct complaints raised by customers, 2) Overall Rating rated 2 or less or any critical Parameters rated 2 or less in the Customer Feedback Survey

Project Manager and Delivery Manager acknowledge the complaint and feedback to customer and indicate the target date for resolution. The complaint is updated in the Log by Customer Success team and Management Representative.

The PM will share the corrective action plan with the DM, DD & Customer Success Team internally within Sonata. After review by DM & DD, PM will share the corrective action plan with the Customer. The PM along with his/her team will implement the corrective action plan. DM and DD will review the corrective action progress. The Customer Success Team will periodically verify whether the identified corrective action plan where applicable by the project teams has been implemented. Post implementing the actions for resolution, The PM will share the corrective action progress report to Customer contact and review the progress on actions and closure of customer complaints.

#### 2. Turnover of products and / services as a percentage of turnover from all products/ service that carry information about:

State	As a percentage to total turnover
Environmental and social parameters relevant to the product	Nil
Safe and responsible usage	
Recycling and/or safe disposal	

**3. Number of consumer complaints in respect of the following:**

	FY 2024 (Current Financial Year)		Remarks	FY 2023 (Previous Financial Year)		Remarks
	Received during the year	Pending resolution at the end of the year		Received during the year	Pending resolution at the end of the year	
Data Privacy	0	0	NA	0	0	NA
Advertising	0	0	NA	0	0	NA
Cyber-security	0	0	NA	0	0	NA
Delivery of essential services	0	0	NA	3*	0	NA
Restrictive trade practices	0	0	NA	0	0	NA
Unfair Trade Practices	0	0	NA	0	0	NA
Other	NA	NA	NA	NA	NA	NA

\*These were the customer feedback and not the complaints.

**4. Details of instances of product recalls on accounts of safety issues**

Nil

**5. Does the entity have a framework / policy on cyber security and risks related to data privacy? (Yes/ No) If available, provide a web-link of the policy**

Yes,

<https://www.sonata-software.com/privacy-policy>

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services**

Category	Corrective actions taken to address consumer complaints received against each category
Data privacy	Nil
Advertising	Nil
Cyber-security	Nil
Delivery of essential services	Nil
Restrictive Trade Practices	Nil
Unfair Trade Practices	Nil
Other	NA

**7. Provide the following information relating to data breaches:**

a. Number of instances of data breaches

Nil



b. Percentage of data breaches involving personally identifiable information of customers

Nil

c. Impact, if any, of the data breaches

Nil

## LEADERSHIP INDICATORS

### 1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

<https://www.sonata-software.com/index.php/>

<https://www.linkedin.com/company/sonata-software/>

<https://www.facebook.com/sonatasoftware>

<https://www.instagram.com/sonata.software/>

<https://www.youtube.com/user/SonataSoftwareVideos>

### 2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Sonata provides training for key business users and IT users to provide awareness and right usage of products and/or services. This done in two phases: Pre-implementation training to provide the knowledge about the product overview and project plan detailing the engagement roadmap with the client. This is typically done during Project initiation. Sonata provides Key user training before User Acceptance Testing (UAT) for facilitating the smooth conduct of UAT and easy adoption post go live and roll out.

### 3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Sonata has established a Business Continuity Plan which identifies critical system failures that lead to business disruptions. Network and systems have been designed with sufficient redundancy, Tabletop tests and DR tests are planned and conducted to ensure the actions are streamlined in case of contingency.

### 4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

Sonata keeps its corporate website and other social media channels updated with Sonata's products and services. Sonata Software conducts webinars and participates in industrial forums such as NASSCOM, CII etc. to communicate about Sonata's products and services. Sonata conducts Client Engagement feedback survey at both Strategic and Operational level. Strategic customer feedback survey is done, often through a trustworthy independent survey agency, based on Net Promoter Score (NPS) format. This is targeted to stakeholders having roles in CXO level, Business Operations and IT Programs and is done annually.

Operational customer feedback survey is administered through the online Customer Feedback Survey tool and targeted to operational level counter parts for each project. Customer feedback survey is typically done: • At Critical Milestone or Release or Phase Completion. • At Project Completion. • At least every Six Month in case of multi-year annuity projects.

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Sonata Software Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of Sonata Software Limited (the "Company"), its employee welfare trust which comprise the standalone balance sheet as at 31 March 2024, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including material accounting policies and other explanatory information (in which are included financial information of 6 branches).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition - Fixed Price contracts where revenue is recognized using percentage of completion method	
See Note 2.2 (l) and 22 to standalone financial statements	
The key audit matter	How the matter was addressed in our audit
The Company enters into fixed- price arrangements, where, revenue is recognized using percentage of completion computed as per input method based on the Company's estimate of contract efforts.	Our audit procedures included the following:  Assessing the appropriateness of Company's revenue recognition, accounting policies, and assessing compliance with the policies, in terms of applicable accounting standards.  Testing the design/implementation and operating effectiveness of controls operating over recognition of revenue over a period of time, the status of completion for projects and total estimate of efforts.

The key audit matter	How the matter was addressed in our audit
<p>We identified revenue recognition of fixed price contracts where the percentage of completion is used as a key audit matter since:</p> <ul style="list-style-type: none"> <li>• there is an inherent risk around the accuracy and existence of revenues recognised considering the complex nature of these contracts and significant inputs;</li> <li>• application of revenue recognition accounting standard (Ind AS 115, Revenue from Contracts with customers) is complex and involves a number of key judgments and estimates in mainly identifying performance obligations, related transaction price and estimating the future efforts-to- completion of these contracts, which is used to determine the percentage of completion of the relevant performance obligation;</li> </ul>	<p>On selected samples of contracts, evaluating the identification of performance obligation and the determination of transaction price.</p> <p>Recalculating the percentage of completion based on the latest budgeted final efforts and the total actual efforts incurred till date on the selected samples of contracts.</p> <p>We observed that the estimates of efforts to complete were reviewed and approved by appropriate levels of management.</p> <p>Verifying the related disclosures in the standalone Ind AS financial statements as required by the relevant accounting standards.</p>

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

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and auditor's report(s) thereon. The Company's annual report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.

### Management's and Board of Directors'/Board of Trustees' Responsibilities for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies/Board of Trustees of the employee welfare trust ("Trust") are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of each company/trust and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the

preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, the respective Management and Board of Directors/Board of Trustees are responsible for assessing the ability of each company/trust to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors/Board of Trustees either intends to liquidate the company/trust or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors/Board of Trustees are responsible for overseeing the financial reporting process of each company/trust.

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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



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

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - c. The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 01 April 2024 to 04 April 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. the reservations relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its standalone financial statements - Refer Note 23 to the standalone financial statements.
  - b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 27 to the standalone financial statements.
  - c. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

- d (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 42 to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 42 to the standalone financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act, to the extent it applies to payment of dividend.

As stated in Note 37 to the standalone financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act, to the extent it applies to declaration of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act, to the extent it applies to declaration of dividend.

- f. Based on our examination which included test checks except for the instances mentioned below, the Company has used accounting software for maintaining its books of accounts, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in respective software:
  - (i) The feature of recording audit trail (edit log) facility was not enabled at the application layer of the primary accounting software used for maintaining books of accounts for the period 1 April 2023 to 18 October 2023.
  - (ii) In the absence of SOC 1 Type 2 report in relation to controls at a service organization for the primary accounting software used for maintaining books of accounts and accounting software relating to revenue process which are operated by third party service providers, we are unable to comment on whether the feature of recording audit trail (edit log) facility was enabled at the database level to log any direct data changes.
  - (iii) In the absence of SOC 1 Type 2 report in relation to controls at a service organization for the accounting software used for maintaining books of accounts relating to payroll process, which is operated by a third-party service provider, we are unable to comment on whether the audit trail feature of the said software was enabled and operated for the period 1 January 2024 to 31 March 2024.

Further, we have not come across any instance of the audit trail feature being tampered with, except for (ii) and (iii) above, for which we are unable to comment whether the audit trail feature has been tampered with. In case of (i), the question of audit trail being tampered with doesn't arise since audit trail (edit log) facility was not enabled.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Chartered Accountants  
Firm's Registration No.:101248W/W-100022

**Amrit Bhansali**

Partner

Place: Mumbai  
Date: 07 May 2024

Membership No.: 065155  
ICAI UDIN:24065155BKEYNQ4099

## Annexure A to the Independent Auditor's Report on the Standalone Financial Statements of Sonata Software Limited for the year ended 31 March 2024

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (B) The Company does not hold any intangible assets, thus reporting under clause 3(i) (b) of the Order is not applicable.
- (i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering information technology services and solutions. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company except as follows:

(in Rs. lakhs)

Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Whether return/ statement subsequently rectified
June	Standard Chartered Bank, HDFC Bank, ICICI Bank, Kotak Bank	Trade receivables	35,775	35,455	320	Yes



Quarter	Name of bank	Particulars	Amount as per books of account	Amount as reported in the quarterly return/ statement	Amount of difference	Whether return/ statement subsequently rectified
September	Standard Chartered Bank, HDFC Bank, ICICI Bank, Kotak Bank	Trade receivables	35,245	36,457	1212	Yes
December	Standard Chartered Bank, HDFC Bank, ICICI Bank, Kotak Bank	Trade payables	6,558	5,363	1,194	Yes

- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has made investments and granted loans during the year in respect of which the requisite information is as below. The Company has not provided any any guarantee or security or granted advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership and other parties during the year.
- Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loan to Sonata Information Technology Limited, its subsidiary. The aggregate amount during the year is Rs. 14,570 lakhs and balance outstanding as at balance sheet date is nil.
  - According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the investments made during the year and the terms and conditions of the grant of loan provided during the year are, prima facie, not prejudicial to the interest of the Company.
  - According to the information and explanation given to us and on the basis of our examination of the records the Company, the loan given by the Company to M/s Sonata Information Technology Limited of Rs. 14,570 lakhs is repayable on demand. The principal and interest was repaid on demand during the year, without any defaults. Further, the Company has not given any advance in the nature of loan to any other party during the year.
  - According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
  - According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
  - According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loan to its related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

	All Parties	Promoters	Related Parties
Aggregate of loans/advances in nature of loan - Repayable on demand	-	-	14,570
Percentage of loans/advances in nature of loan to the total loans	-	-	100%

- (iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with. The Company has not given any security or provided guarantees during the year.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided by the Company. Accordingly, clause 3(vi) of the Order is not applicable.

- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax or Cess or other statutory dues have been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of Duty of Customs.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Income-Tax and Service Tax which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (₹ In lakhs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961*	Disallowance of tax benefits u/s 10A of the Income Tax Act, 1961	1,141	Assessment Year 2011-12	Commissioner of Income tax Appeals
Income tax Act, 1961	Disallowance of tax benefits u/s 10A of the Income Tax Act, 1961	2,370	Assessment Year 2006-07	High Court
Income tax Act, 1961	Disallowance of tax benefits u/s 10A of the Income Tax Act, 1961	2,146	Assessment Year 2007-08	High Court
Income tax Act, 1961	Adjustment u/s 92CA(3) of the Income Tax Act 1961	427	AY 2017-18	Commissioner of Income tax Appeals, Delhi
Finance Act, 1994**	Demand for non payment of service tax on commission charges incurred outside India and interest and penalty thereon	1,014	FY 2006-07 to 2012-13	Commissioner of Central Tax (Appeals), Mysuru

\* net of amount paid under protest of ₹ 100 lakhs

\*\* net of amount paid under protest of ₹ 14 lakhs

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanation given to us and basis of our examination of the records of the Company, the Company has availed a working capital loan of Rs. 10,020 lakhs which is repayable on demand and terms and conditions for payment of interest thereon have not been stipulated. According to the information and explanations given by us and basis of our examination of the records of the Company, such loan and interest thereon has been entirely repaid during the year.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the standalone financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the

Company has an internal audit system commensurate with the size and nature of its business.

- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising the information included in Company's annual report is expected to be made available to us after the date of this auditor's report.

- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clause 3(xx)(a) of the Order is not applicable.
- (b) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any ongoing project. Accordingly, clause 3(xx)(b) of the Order is not applicable.

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

Chartered Accountants  
Firm's Registration No.:101248W/W-100022

**Amrit Bhansali**

Partner

Place: Mumbai  
Date: 07 May 2024

Membership No.: 065155  
ICAI UDIN:24065155BKEYNQ4099

## **Annexure B to the Independent Auditor's Report on the standalone financial statements of Sonata Software Limited for the year ended 31 March 2024**

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

### **Opinion**

We have audited the internal financial controls with reference to financial statements of Sonata Software Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date which includes internal financial controls with reference to financial information of 6 branches.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **Management's and Board of Directors' Responsibilities for Internal Financial Controls**

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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



## **Meaning of Internal Financial Controls with Reference to Financial Statements**

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

## **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

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

Chartered Accountants  
Firm's Registration No.:101248W/W-100022

**Amrit Bhansali**

Partner

Place: Mumbai  
Date: 07 May 2024

Membership No.: 065155  
ICAI UDIN:24065155BKEYNQ4099

# Standalone Balance Sheet

₹ in Lakhs

	Note	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	3	2,953	2,265
Capital work-in-progress	4	-	2
Right-of-use assets	39	3,077	3,058
Goodwill		282	282
Financial assets	5		
Investments	5.1	6,263	6,291
Other financial assets	5.2	1,483	1,711
Deferred tax assets (net)	16B	1,061	1,353
Income tax assets (net)	16A	10,815	7,500
Other non-current assets	6	104	124
<b>Total non-current assets</b>		<b>26,038</b>	<b>22,586</b>
Current assets			
Financial assets	7		
Investments	7.1	119	2,084
Trade receivables	7.2	52,019	30,752
Cash and cash equivalents	7.3	1,973	4,931
Bank balances other than above	7.4	6,764	14,416
Other financial assets	7.5	1,824	664
Other current assets	8	6,545	4,806
<b>Total current assets</b>		<b>69,244</b>	<b>57,653</b>
<b>Total assets</b>		<b>95,282</b>	<b>80,239</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	9	2,775	1,387
Other equity	10	67,893	53,973
<b>Total equity</b>		<b>70,668</b>	<b>55,360</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Financial liabilities	11		
Lease liabilities	11.1	2,295	2,468
Other financial liabilities	11.2	1,540	661
<b>Total non-current liabilities</b>		<b>3,835</b>	<b>3,129</b>
Current liabilities			
Financial liabilities	12		
Borrowings	12.1	4	62
Lease liabilities	12.2	1,101	1,583
Trade payables	12.3		
Total outstanding dues of micro enterprises and small enterprises		86	157
Total outstanding dues of creditors other than micro enterprises and small enterprises		8,529	10,709
Other financial liabilities	12.4	3,298	2,391
Other current liabilities	13	4,410	3,572
Provisions	14	1,360	1,267
Current tax liabilities (net)	15	1,991	2,009
<b>Total current liabilities</b>		<b>20,779</b>	<b>21,750</b>
<b>Total equity and liabilities</b>		<b>95,282</b>	<b>80,239</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: Mumbai  
Date : May 07, 2024

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

**Pradip P Shah**  
Chairman

**Jagannathan C N**  
Chief Financial Officer

**Mangal Krishnarao Kulkarni**  
Company Secretary

Place: Mumbai  
Date : May 07, 2024

**Samir Dhir**  
Managing Director & CEO

**R Sathyanarayana**  
VP - Finance & Accounts

Place: Mumbai  
Date : May 07, 2024

# Standalone 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	95,030	92,086
Other income	17.2	33,404	15,968
Total income		128,434	108,054
<b>EXPENSES</b>			
Purchase of stock-in-trade (traded goods)	18.1	7,539	10,219
Changes in inventories of stock-in-trade	18.2	-	17
Employee benefits expense	19	67,024	54,350
Finance costs	20	492	696
Depreciation and amortization expense	3 & 39	2,113	1,851
Other expenses	21	13,289	14,504
Total expenses		90,457	81,637
Profit before tax		37,977	26,417
Tax expense			
Current tax	16A	1,984	3,958
Deferred tax	16B	113	422
Net tax expense		2,097	4,380
Profit for the year		35,880	22,037
<b>Other Comprehensive Income</b>			
1. Items that will not be reclassified to profit/(loss)			
(a) Remeasurement of the defined benefit plans		408	(463)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		(103)	77
		305	(386)
2. Items that will be reclassified to profit/(loss)			
(a) Exchange differences in translating the financial statements of foreign operations		-	(5)
(b) Fair value changes on derivatives designated as cash flow hedge, net		305	(1,117)
(c) Income tax relating to Items that will be reclassified to profit/(loss)		(76)	186
		229	(936)
Total other comprehensive income for the year, net of tax		534	(1,322)
Total Comprehensive Income for the year		36,414	20,715
<b>Earnings per share - (on ₹ 1 per share)</b>			
Basic	35	12.93	7.94
Diluted	35	12.91	7.94

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: Mumbai  
Date : May 07, 2024

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

**Pradip P Shah**  
Chairman

**Jagannathan C N**  
Chief Financial Officer

**Mangal Krishnarao Kulkarni**  
Company Secretary

Place: Mumbai  
Date : May 07, 2024

**Samir Dhir**  
Managing Director & CEO

**R Sathyanarayana**  
VP - Finance & Accounts

Place: Mumbai  
Date : May 07, 2024

# Standalone Statement of Cash flows

₹ in Lakhs

	For the year ended March 31, 2024	For the yearended March 31, 2023
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	37,977	26,417
Adjustments for :		
Depreciation and amortization expense	2,113	1,851
Finance costs	492	696
Impairment (gain)/loss recognised on trade receivable	224	28
Provisions/ liabilities no longer required written back	(171)	(85)
Interest income	(823)	(1,345)
Dividend income from long-term investments in subsidiaries	(30,185)	(13,075)
(Gain) / loss on sale of fixed assets / scrapped	13	19
Net (gain) on investments carried at fair value through profit and loss	(159)	(559)
Gain on termination of lease	(436)	(466)
Expenses/(gain) on employee stock based compensation	383	679
Exchange (gain)/loss on revaluation of investments	-	(53)
Net unrealized foreign exchange (gain)/loss	(602)	97
Operating profit before working capital changes	8,826	14,204
Changes in operating assets and liabilities:		
Decrease/(increase) in trade receivables	(21,254)	(14,208)
Decrease/(increase) in Inventories	-	17
Decrease/(increase) in other financial assets-current	(1,526)	18
Decrease/(increase) in other financial assets non-current	159	8
Decrease/(increase) in other non-current assets	23	(19)
Decrease/(increase) in other current assets	(1,740)	(2,777)
(Decrease)/increase in other financial liabilities non-current	804	661
(Decrease)/increase in trade payables	(1,992)	1,113
(Decrease)/increase in other financial liabilities	1,619	459
(Decrease)/increase in other current liabilities	1,248	1,500
(Decrease)/increase in provisions	94	39
Net cash flow from / (used in) operations	(13,739)	1,015
Income taxes paid	(5,316)	(6,474)
Net cash flow from/(used in) operating activities (A)	(19,055)	(5,459)
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment including capital work-in-progress	(1,799)	(1,782)
Proceeds from disposal of property, plant and equipment	10	-
Investment in subsidiary	(89)	-
Purchase of current investments	(64,785)	(52,618)
Proceeds from sale of current investments	66,966	59,037

# Standalone Statement of Cash flows

₹ in Lakhs

	For the year ended March 31, 2024	For the yearended March 31, 2023
Investment in bank deposits	7,844	(12,144)
Interest received	988	2,142
Dividend received from subsidiary	30,185	13,075
Inter corporate deposits given	14,570	9,410
Inter corporate deposits recovered	(14,570)	(9,410)
Net cash flow from / (used in) investing activities (B)	39,320	7,710
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayment) from/(of) short-term borrowings (net)	(58)	62
Payment of lease liabilities	(1,574)	(1,875)
Payment of dividend	(21,891)	(23,240)
Proceeds from issue of shares on exercise of ESOP	362	2
Interest paid	(44)	(25)
Net cash flow from / (used in) financing activities (C)	(23,205)	(25,076)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(2,940)	(22,825)
Opening Cash and cash equivalents	4,931	27,848
Exchange difference on translation of foreign currency cash and cash equivalents	(18)	(92)
Closing Cash and cash equivalents	1,973	4,931
Cash and cash equivalents at the end of the period comprises:		
Balances with banks		
In current accounts	665	771
In EEFC accounts	207	185
In demand deposit accounts	1,101	3,975
	1,973	4,931

Refer note 39 for non-cash changes in lease liabilities arising from 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: Mumbai  
Date : May 07, 2024

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

**Pradip P Shah**  
Chairman

**Jagannathan C N**  
Chief Financial Officer

**Mangal Krishnarao Kulkarni**  
Company Secretary

Place: Mumbai  
Date : May 07, 2024

**Samir Dhir**  
Managing Director & CEO

**R Sathyanarayana**  
VP - Finance & Accounts

Place: Mumbai  
Date : May 07, 2024



# Standalone 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	1,387	1,039
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	1,387	1,039
Changes in equity share capital during the year		
Shares issued on bonus issue	1,387	346
Shares issued on exercise of employee stock options	1	2
Balance at the end of the year	2,775	1,387

## (b) Other equity

₹ in Lakhs

Particulars	Reserves and Surplus					Effective portion of cash flow hedges	Foreign currency translation reserve	Total other equity
	Securities premium reserve	General reserve	ESOP reserve	Retained earnings	Remeasurement of the defined benefit plans			
Balance as at April 1, 2022	4,496	8,292	265	44,240	(1,589)	414	18	56,136
Profit for the year				22,037				22,037
Other comprehensive income (net of tax)					(386)	(932)	(4)	(1,322)
Total comprehensive income for the year				22,037	(386)	(932)	(4)	20,715
Transactions with owners of the company								
Contributions and distributions								
Employee stock compensation expense			679					679
Amount utilized for bonus issue	(345)							(345)
Premium received on issue of shares on exercise of options	-							-
Payment of cash dividends				(23,212)				(23,212)
Balance as at March 31, 2023	4,151	8,292	944	43,065	(1,975)	(518)	14	53,973
Balance as at April 1, 2023	4,151	8,292	944	43,065	(1,975)	(518)	14	53,973
Profit for the year				35,880				35,880
Other comprehensive income (net of tax)					305	229	-	534
Total comprehensive income for the year				35,880	305	229	-	36,414
Transactions with owners of the company								
Contributions and distributions								
Employee stock compensation expense			383					383
Amount utilized for bonus issue	(1,387)							(1,387)
Premium received on issue of shares on exercise of options	362							362
Payment of cash dividends				(21,852)				(21,852)
Balance as at March 31, 2024	3,126	8,292	1,327	57,093	(1,670)	(289)	14	67,893

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

**Amrit Bhansali**  
Partner  
Membership No. 065155

Place: Mumbai  
Date : May 07, 2024

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

**Pradip P Shah**  
Chairman

**Jagannathan C N**  
Chief Financial Officer

**Mangal Krishnarao Kulkarni**  
Company Secretary

Place: Mumbai  
Date : May 07, 2024

**Samir Dhir**  
Managing Director & CEO

**R Sathyanarayana**  
VP - Finance & Accounts

Place: Mumbai  
Date : May 07, 2024

# Notes To The Standalone Financial Statements

## For The Year Ended March 31, 2024

### 1 COMPANY OVERVIEW

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

The Company is a public limited company incorporated and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. The Company is listed on The National Stock Exchange of India Limited and BSE Limited. The financial statements have been approved for issue by the Company's Board of Directors on May 07, 2024.

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

### 2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

##### a. Statement of compliance

These standalone 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 standalone 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 Standalone 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 standalone 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 standalone financial statements are presented in Indian Rupee, the national currency of India, which is the functional currency of the Company. The functional currency of its Branches is as per its respective domicile currency.

All amounts rounded off to the nearest Rs in Lakhs except per share data and unless otherwise indicated.

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

The preparation of the standalone 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) Impairment testing**

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

**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 2.2(l)(b)

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

The impairment provisions of standalone 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(r)

**v) Contingent liabilities**

Refer note-2.3(t).

**vi) Other estimates**

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

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

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

**2.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES**

**a. Investment in subsidiaries**

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

**b. Property, plant and equipment**

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

**c. Capital work-in-progress**

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

**d. Inventories**

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

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

**e. Depreciation/ Amortisation**

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

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

**Straight-line method**

<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%
Vehicles	31.23%

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 Company of assets is impaired. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**f. Leases**

The Company's lease asset classes primarily consist of leases for land and buildings. The Company, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the 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.

#### **g. Financial Instruments**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **h. Employee benefits**

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

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

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

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

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

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

#### **Short-term employee benefits**

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

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

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

#### **Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled. The obligations of compensated absences are presented as current liabilities in the balance sheet of the Group as the Group does not have an unconditional right to defer this settlement for at least 12 months from reporting date.

#### **i. Provisions**

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

obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

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

**j. Income taxes**

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

- a) **Current income tax** - Current income tax liability/ (asset) for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the year. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the year. The Company off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.
- b) **Deferred tax** - Deferred income tax is recognized using the Balance Sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

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

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

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

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

**k. Cash flow statement:**

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



The cash flow from operating, investing and financing activities of the Company are segregated.

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.

## **I. Revenue recognition**

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

### **a) Time and materials contracts**

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

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.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of services and future performance obligations.

**c) Hardware/software 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 (i.e. the entity is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the entity is an agent). The entity determines whether it is a principal or an agent for each specified good or service promised to the customer. A specified good or service is a distinct good or service (or a distinct bundle of goods or services) to be provided to the customer. Company recognises revenue in the gross amount of consideration to which it expects to be entitled in exchange for the specified good or service transferred. Company recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

**d) Maintenance contracts**

Revenue from 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 assets represent cost and earnings in excess of billings as at the end of the reporting period. Contract assets are classified as unbilled receivables (only act of invoicing is pending)

when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

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

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

**m. Government grants:**

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

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

**n. Dividend**

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

**o. Foreign currency transactions and translations**

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

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

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

**p. Finance income and expense**

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

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

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

**q. Share based payments**

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in standalone statement

of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the standalone statement of profit and loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Employees of the Company receive remuneration in the form of cash settled share based transaction, for rendering services over a defined vesting period.

**r. Impairment**

**a) Financial assets :**

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

The Company assesses at each Balance Sheet date whether a financial asset or a Company 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.

**b) Non-financial assets**

The Company assesses at each reporting date whether there is any objective evidence that a non financial asset including goodwill or a Company 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 Companyed together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Companies of assets (the “cash-generating unit”).

**s. Earnings per share**

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

**t. Contingent liabilities**

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

**u. Contingent assets**

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

**v. Events after the reporting period**

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

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

### **2.3 Recent pronouncements**

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.



### 3 Property, Plant and Equipment

₹ in Lakhs

Tangible assets							
Particulars	Buildings	Office equipments	Leasehold improvements	Furniture and fixtures	Plant and equipment	Vehicles	Total
Cost							
As at April 1, 2022	115	456	631	321	2,214	161	3,898
Additions	-	13	3	3	1,814	-	1,833
Disposal / write off	-	(47)	(474)	(89)	(4)	-	(614)
Translation adjustments	-	1	-	-	1	-	2
As at March 31, 2023	115	423	160	235	4,025	161	5,119
As at April 1, 2023	115	423	160	235	4,025	161	5,119
Additions	-	49	-	38	1,553	155	1,795
Disposal / write off	-	(17)	(27)	(7)	(145)	-	(196)
Translation adjustments	-	1	-	1	3	-	5
As at March 31, 2024	115	456	133	267	5,436	316	6,723
Accumulated depreciation							
As at April 1, 2022	14	375	567	234	1,569	129	2,888
Depreciation	2	16	26	15	487	10	556
Depreciation on disposal / write off	-	(44)	(474)	(76)	(2)	-	(596)
Translation adjustments	-	1	-	-	5	-	6
As at March 31, 2023	16	348	119	173	2,059	139	2,854
As at April 1, 2023	16	348	119	173	2,059	139	2,854
Depreciation	2	14	19	11	1,012	25	1,083
Depreciation on disposal / write off	-	(16)	(17)	(5)	(135)	-	(173)
Translation adjustments	-	1	-	0	5	-	6
As at March 31, 2024	18	347	121	179	2,941	164	3,770
Net carrying value							
As at March 31, 2024	97	109	12	88	2,495	152	2,953
As at March 31, 2023	99	75	41	62	1,966	22	2,265

The breakup for depreciation is given below:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment	1,083	556
Depreciation of right on use assets (refer note 39)	1,030	1,295
<b>Total</b>	<b>2,113</b>	<b>1,851</b>

### 4 : Capital work-in-progress

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	2	1
Additions	-	2
Transferred to property, plant and equipment	(2)	(1)
Closing balance	-	2

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

₹ in Lakhs

Particulars	CWIP for a period of				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
Projects in progress:					
As at March 31, 2024	-	-	-	-	-
As at March 31, 2023	2	-	-	-	2

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.

## Non-Current

### 5.1 : Investments

#### Non Trade, Long-term, unquoted and at cost in subsidiary companies

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in equity instruments (Unquoted)		
3,375,394 Equity shares of ₹ 10/- each in		
Sonata Information Technology Limited (fully paid)	338	338
(As at March 31, 2023 - 3,375,394 Equity shares of ₹ 10/- each (fully paid))		
300,000 Equity shares of 1 US Dollar each in Sonata Software North America Inc., (fully paid)	122	122
(As at March 31, 2023 - 300,000 Equity shares of 1 US Dollar each - (fully paid))		
2 Equity shares of Euro 12,500 each in Sonata Software GmbH, Germany (fully paid)	32	32
(As at March 31, 2023 - 2 Equity shares of Euro 12,500 each (fully paid))		
800 Equity shares of 1 Pound each in Sonata Europe Limited, UK (fully paid)	1	1
(As at March 31, 2023 - 800 Equity shares of 1 Pound each (fully paid))		
98 Equity shares in Sonata Software (Qatar) LLC of 1,000 QAR each (fully paid)	12	12
(As at March 31, 2023 - 98 Equity shares of 1,000 QAR each (fully paid))		
2 Equity shares in Sonata Australia Pty. Ltd. (formerly known as Scalable Data Systems Pty. Ltd.) of 1 AUD each (fully paid)	2,237	2,237
(As at March 31, 2023 - 2 Equity shares of 1 AUD each (fully paid))		
10,000 Equity shares in Sonata Software Solutions Limited of ₹ 10 each (fully paid)	1	1
(As at March 31, 2023 - 10,000 Equity shares of ₹ 10 each (fully paid))		
9,990 Equity shares in Encore IT Services Solutions Private limited of ₹ 10 each (fully paid)	893	893
(As at March 31, 2023 - 9,990 Equity shares of ₹ 10 each (fully paid))		
500,000 Equity shares in Sonata Software Malaysia SDN BHD of 1 RM each (fully paid)	89	-
(As at March 31, 2023 - Nil)		

Particulars	As at March 31, 2024	As at March 31, 2023
Investment in preference shares (Unquoted)		
2,459,560 - 2% non-cumulative convertible redeemable preference shares of 1 Pound each in Sonata Europe Limited, UK (fully paid) (As at March 31, 2023 - 2,459,560 shares of 1 Pound each (fully paid))	2,500	2,500
Investments carried at amortised cost:		
Investments in PSU Bonds (Quoted)	38	155
<b>Total</b>	<b>6,263</b>	<b>6,291</b>
Aggregate amount of quoted investments	38	155
Market value of quoted investment	38	155
Aggregate carrying amount of unquoted investments	6,225	6,136
Investments carried at cost	6,225	6,136
Investments carried at amortised cost	38	155

## 5.2 : Other financial assets (Carried at amortised cost, unless otherwise stated)

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Net investment in Sub-lease of ROU asset (Refer note 39)	141	209
Security deposits	1,251	1,502
Other assets	91	-
<b>Total</b>	<b>1,483</b>	<b>1,711</b>

## 6 : Other non-current assets

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Other deposits	14	15
Prepaid expenses	74	90
Other recoverables	16	19
<b>Total</b>	<b>104</b>	<b>124</b>

## Current

### 7.1 : Investments

₹ in Lakhs

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Investments carried at fair value through profit and loss:				
Investments in mutual funds (Quoted)				
ICICI Prudential Short term fund - Growth Option	-	-	1,137,375	575
IDFC G - Sec Investment Fund	-	-	1,333,916	419
Nippon India Quarterly Interval Fund - Series II - Direct Plan Growth Plan - Growth	-	-	3,282,205	1,028
		-		2,022
<b>Investments carried at amortised cost:</b>				
<b>Investments in PSU Bonds (Quoted)</b>				
Investments in PSU Bonds		119		62
<b>Total</b>		<b>119</b>		<b>2,084</b>
Aggregate amount of quoted investments		119		2,084
Aggregate market value of quoted investments		119		2,084
Investments carried at fair value though profit or loss		-		2,022
Investments carried at amortized cost		119		62

### 7.2 : Trade receivables (Carried at amortised cost, unless otherwise stated)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Unsecured*</b>		
Billed		
Considered good	50,061	29,305
Trade receivables - credit impaired	1,382	463
	51,443	29,768
Less : Allowance for credit losses	1,382	463
	50,061	29,305
Unbilled	1,958	1,447
<b>Total</b>	<b>52,019</b>	<b>30,752</b>

\* No trade receivable or other 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 as disclosed in note 38.

Information about the Company's exposure to credit, liquidity and market risks, and impairment losses for trade receivables are included in Note 28

Outstanding for the following period from due date of payments							
Particulars	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	Total
As at March 31, 2024							
Undisputed trade receivables - considered good	32,892	16,081	836	244	-	8	50,061
Undisputed Trade receivables-credit impaired	773	378	93	103	35	-	1,382
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Less : Allowance for credit losses	(773)	(378)	(93)	(103)	(35)	-	(1,382)
Unbilled	1,958	-	-	-	-	-	1,958
<b>Total</b>	<b>34,850</b>	<b>16,081</b>	<b>836</b>	<b>244</b>	<b>-</b>	<b>8</b>	<b>52,019</b>
As at March 31, 2023							
Undisputed trade receivables - considered good	23,899	3,949	1,029	419	9	-	29,305
Undisputed Trade receivables-credit impaired	74	13	94	122	25	135	463
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Less : Allowance for credit losses	(74)	(13)	(94)	(122)	(25)	(135)	(463)
Unbilled	1,447	-	-	-	-	-	1,447
<b>Total</b>	<b>25,346</b>	<b>3,949</b>	<b>1,029</b>	<b>419</b>	<b>9</b>	<b>-</b>	<b>30,752</b>

### 7.3 Cash and cash equivalents

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks		
In current accounts	665	771
In EEFC accounts	207	185
In deposit accounts with original maturity of less than three months*	1,101	3,975
<b>Total</b>	<b>1,973</b>	<b>4,931</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

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Bank deposits with original maturity of more than three months but less than 12 months	6,332	13,947
In earmarked accounts		
Balance held as margin money or security against borrowings*	21	20
Unpaid dividend account	411	449
<b>Total</b>	<b>6,764</b>	<b>14,416</b>

\* Held as margin money by bank against bank guarantees

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

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Advances recoverable from related parties	298	205
Security deposits	109	2
Interest accrued but not due on fixed deposits/margin money	-	297
Compensation right asset	888	-
Fair value of forward contracts	92	160
Other assets	437	-
<b>Total</b>	<b>1,824</b>	<b>664</b>

Information about the Company's exposure to credit and market risks, and impairment losses for other financial assets are included in Note 28.

## 8 Other current assets

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Advances to employees	121	70
Prepaid expenses	4,439	1,349
Contract assets (Refer note 22)	1,519	2,144
Balances with government authorities		
VAT credit receivable	18	15
GST credit receivable	199	153
Other recoverables	249	1,075
<b>Total</b>	<b>6,545</b>	<b>4,806</b>

## 9. Equity share capital

₹ in Lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
Authorized		
500,000,000 equity shares of face value ₹ 1/- each	5,000	1,500
(As at March 31, 2023 : 150,000,000 equity shares of face value ₹1/- each)		
Issued		
280,424,816 equity shares of face value ₹1/- each fully paid-up	2,804	1,402
(As at March 31, 2023 : 140,212,408 equity shares of face value ₹1/- each)		
Subscribed and paid-up		
277,552,476 equity shares of face value ₹1/- each fully paid-up*	2,775	1,387
(As at March 31, 2023 : 138,704,906 equity shares of face value ₹ 1/- each)*		
Out of issued capital, 2,872,340 (As at March 31, 2023 - 1,507,502) shares are held by Sonata Software Limited Employee Welfare Trust		
2,872,340 equity shares (treasury) held by trust of face value ₹1/- each	29	15
(As at March 31, 2023 : 1,507,502 equity shares (treasury) of face value ₹1/- each)		

\*The outstanding equity shares as at March 31, 2024 and March 31, 2023 are presented net of treasury shares.

Refer notes (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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>Equity shares with voting rights</b>				
Number of shares outstanding at the beginning of the year	138,704,906	1,387	103,920,181	1,039
Add: Share issued on exercise of employee stock options before bonus issue (Refer note 31)	78,332	1	6,000	-
Add: Share issued on exercise of employee stock options after bonus issue (Refer note 31)	-	-	136,664	2
Add: Bonus shares issued	138,769,238	1,387	34,642,061	346
Number of shares outstanding at the end of the year	277,552,476	2,775	138,704,906	1,387
Add: Number of treasury shares held by Sonata Software Limited Employee Welfare Trust (Shares issued for consideration other than cash)	2,872,340	29	1,507,502	15
Number of issued shares outstanding at the end of the year	280,424,816	2,804	140,212,408	1,402

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

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

In the event of liquidation by the Company, the holders of the equity shares will be entitled to receive in proportion to the number of equity shares held by them, the remaining assets of the Company. The shareholders have all other rights as available to equity shareholders as per the provisions of the Companies Act 2013, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares*	% of holding	No. of shares	% of holding
Hemendra M Kothari	25,599,986	9.13%	12,799,993	9.13%
Akshay Rajan Raheja	22,000,000	7.85%	11,000,000	7.85%
Viren Rajan Raheja	22,000,000	7.85%	11,000,000	7.85%
Suman R Raheja	18,400,000	6.56%	9,200,000	6.56%
HDFC Multi cap fund (formerly known as HDFC Small cap fund)	21,496,779	7.67%	11,432,645	8.15%

\* Due to issuance of bonus shares in December 2023 in the ratio of 1:1

#### iv) Details of shares held by each promoter

₹ in Lakhs

Particulars	No. of shares at the commencement of the year	Change during the year*	No. of shares at the end of the year	% of total shares	% change during the year
<b>For the year ended March 31, 2024</b>					
Akshay Rajan Raheja	11,000,000	11,000,000	22,000,000	7.85%	100.00%
Viren Rajan Raheja	11,000,000	11,000,000	22,000,000	7.85%	100.00%
Suman R Raheja	9,200,000	9,200,000	18,400,000	6.56%	100.00%
Rajan B Raheja	6,383,266	6,383,266	12,766,532	4.55%	100.00%
Globus Stores Private Limited #	1,914,665	1,914,665	3,829,330	1.37%	100.00%

\* Due to issuance of bonus shares in December 2023 in the ratio of 1:1

# During the year, Excelsior Construction Company Private Limited, Fantasia Enterprises Private Limited, Siena Traders Private Limited are merged with Globus Stores Private Limited

₹ in Lakhs

Particulars	No. of shares at the commencement of the year	Change during the year*	No. of shares at the end of the year	% of total shares	% change during the year
<b>For the year ended March 31, 2023</b>					
Akshay Rajan Raheja	8,250,000	2,750,000	11,000,000	7.85%	33.33%
Viren Rajan Raheja	8,250,000	2,750,000	11,000,000	7.85%	33.33%
Suman R Raheja	6,900,000	2,300,000	9,200,000	6.56%	33.33%
Rajan B Raheja	4,787,450	1,595,816	6,383,266	4.55%	33.33%
Excelsior Construction Company Private Limited	1,150,000	383,333	1,533,333	1.09%	33.33%
Fantasia Enterprises Private Limited	143,000	47,666	190,666	0.14%	33.33%
Siena Traders Private Limited	143,000	47,666	190,666	0.14%	33.33%

\* Due to issuance of bonus shares in September 2022 in the ratio of 1:3

#### v) Treasury shares

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
2,872,340 equity shares (treasury) held by trust of face value ₹ 1/- each		
(As at 31.03.2023 : 1,507,502 equity shares (treasury) of face value ₹ 1/- each)	29	15

(vi) Equity shares movement during the 5 years preceding March 31, 2024

**Equity shares issued as bonus:** The Company allotted 138,769,238 equity shares as fully paid up bonus shares in the ratio of 1:1, by capitalisation of securities premium amounting to 1,387 lakhs for the quarter ended December 31, 2023, pursuant to an ordinary resolution passed after taking the consent of shareholders through postal ballot.

**(Equity shares issued as bonus:** The Company allotted 34,642,061 equity shares as fully paid up bonus shares in the ratio of 1:3, by capitalisation of securities premium amounting to 346 lakhs for the quarter ended September 30, 2022, pursuant to an ordinary resolution passed after taking the consent of shareholders through postal ballot.)

The Company has not issued any shares for consideration other than cash or bought back during the period of five years immediately preceding the reporting date. Further, there are no bonus shares issued during the period of 5 years immediately preceding the reporting date, except as disclosed above. There are no shares reserved for issue under contracts or commitment for sale of shares or disinvestment.

(vii) Distributions of dividend

During the year ended March 31, 2024, the Company has incurred a net cash outflow ₹ 12,139 lakhs towards final dividend for fiscal 2023 and ₹ 9,713 lakhs towards interim dividend for fiscal 2024. (During the year ended March 31, 2023, the Company has incurred a net cash outflow ₹ 13,510 lakhs towards final dividend for fiscal 2022 and ₹ 9,702 lakhs towards interim dividend for fiscal 2023.)

## 10 Other equity

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Securities premium reserve</b>		
Opening balance	4,151	4,496
Premium received on issue of shares on exercise of options	362	-
<b>Less:</b> Amount utilized for bonus issue	1,387	345
<b>Closing balance</b>	<b>3,126</b>	<b>4,151</b>
Amount received on issue of shares in excess of the par value has been classified as security premium, net of utilisation.		
<b>General reserve</b>	<b>8,292</b>	<b>8,292</b>
This represents appropriation of profit by the Company.		
There is no movement in general reserve during the year		
<b>Employee stock option reserve</b>		
Opening balance	944	265
Add: Employee share based payments (Refer note 31)	383	679
<b>Closing balance</b>	<b>1,327</b>	<b>944</b>
This represents value of equity-settled share based payment transaction with employees.		
<b>Retained earnings</b>		
Opening balance	43,065	44,240
Profit for the year	35,880	22,037
Less :		
Dividend paid	21,852	23,212
<b>Closing balance</b>	<b>57,093</b>	<b>43,065</b>
Retained earning comprises of the amounts that can be distributed as dividends to its equity share holders.		

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Remeasurement of the defined benefit plans</b>		
Opening balance	(1,975)	(1,589)
For the year (net of tax)	305	(386)
<b>Closing balance</b>	<b>(1,670)</b>	<b>(1,975)</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	(518)	414
Exchange differences on cash flow hedges (net of tax)	229	(932)
<b>Closing balance</b>	<b>(289)</b>	<b>(518)</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>Foreign currency translation reserve</b>		
Opening balance	14	18
For the year (net of tax)	-	(4)
<b>Closing balance</b>	<b>14</b>	<b>14</b>
The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.		
<b>Total</b>	<b>67,893</b>	<b>53,973</b>

## 11 Non-current financial liabilities

### 11.1 : Lease liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities (Refer note 39)	2,295	2,468
<b>Total</b>	<b>2,295</b>	<b>2,468</b>

### 11.2 : Other financial liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Other liabilities	1,540	661
<b>Total</b>	<b>1,540</b>	<b>661</b>

Information about the Company's exposure to credit, liquidity and market risks for other financial liabilities are included in Note 28



## 12: Current financial liabilities

### 12.1 Borrowings

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
From banks - Secured		
Bank overdrafts	4	62
<b>Total</b>	<b>4</b>	<b>62</b>

### 12.2 Lease liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities (Refer note 39)	1,101	1,583
<b>Total</b>	<b>1,101</b>	<b>1,583</b>

### 12.3 : Trade payables

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises (MSME)	86	157
Total outstanding dues of creditors other than micro enterprises and small enterprises*	8,529	10,709
<b>Total</b>	<b>8,615</b>	<b>10,866</b>

\* No trade payables or other payables 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 28

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>(i) As at March 31, 2024</b>							
Total outstanding dues of micro enterprises and small enterprises (Refer note 25)	-	53	33	-	-	-	86
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,583	1,694	1,062	671	74	445	8,529
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-

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>Total</b>	<b>4,583</b>	<b>1,747</b>	<b>1,095</b>	<b>671</b>	<b>74</b>	<b>445</b>	<b>8,615</b>
<b>(ii) As at March 31, 2023</b>							
Total outstanding dues of micro enterprises and small enterprises (Refer note 25)	-	157	-	-	-	-	157
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,110	1,843	3,684	12	25	35	10,709
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>5,110</b>	<b>2,000</b>	<b>3,684</b>	<b>12</b>	<b>25</b>	<b>35</b>	<b>10,866</b>

#### 12.4. Other financial liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Unpaid dividends	410	449
Payable on acquisition of property, plant and equipment	45	51
Other liabilities	3	2
Reimbursable expenses payable to related party (Refer note 38)	2,650	1,031
Fair value of forward contracts (Refer note 26 & 27)	190	858
<b>Total</b>	<b>3,298</b>	<b>2,391</b>

Information about the Company's exposure to credit, liquidity and market risks for other financial liabilities are included in Note 28

#### 13. Other current liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Contract liabilities (Refer note 22)	2,853	1,172
Gratuity payable (net) (Refer note 30)	103	607
Other payables		
Statutory remittances	1,302	1,621
Advances from customers	60	74
Other liabilities	92	98
<b>Total</b>	<b>4,410</b>	<b>3,572</b>

## 14. Provisions

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits - Compensated absences (Refer note 30)	1,360	1,267
<b>Total</b>	<b>1,360</b>	<b>1,267</b>

## 15. Current tax liabilities (net)

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for tax (net of advance tax ₹ 12,623 (for March 31, 2023 ₹ 12,606))	1,991	2,009
<b>Total</b>	<b>1,991</b>	<b>2,009</b>

## 16A Income taxes

The income tax asset is ₹ 10,815 Lakhs (net of provision for tax of ₹ 38,197 Lakhs) as at March 31, 2024 and ₹ 7,500 Lakhs (net of provision for tax of ₹ 36,213 Lakhs) as at March 31, 2023

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Income tax expense in the statement of profit and loss consists of:		
Current Tax:		
In respect of current year	1,984	3,958
Deferred Tax:		
In respect of current year	113	422
Total Income tax expense recognised in the statement of profit and loss	2,097	4,380
(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	103	(77)
Net loss / (gain) on measurement of fair value changes on cash flow hedges	76	(185)
Net loss / (gain) on measurement on other items	-	(1)
<b>Total</b>	<b>179</b>	<b>(263)</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	37,977	26,417
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	9,558	6,649
Effect of		
Income exempt from tax	(7,597)	(3,291)
Expenses that are not deductible in determining taxable profit	188	820
Items that are deductible in determining taxable profit	(114)	156
Provision for tax relating to prior years	-	5
Others	62	41
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>2,097</b>	<b>4,380</b>

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.

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

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

## 16B. Deferred taxes

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
Property, plant and equipment	417	(177)	-	240
Intangible assets	(15)	(1)	-	(16)
Allowances for credit losses	116	14	-	130
Right of use assets	(197)	167	-	(30)
Net gain or loss on Fair value of Mutual Funds	-	8	-	8
Defined benefit plans	207	-	(103)	104
Translation of foreign operations	(48)	-	-	(48)
Fair value changes on cash flow hedges	249	-	(76)	173
Others, including employee and other payables	624	(124)	-	500
<b>Total</b>	<b>1,353</b>	<b>(113)</b>	<b>(179)</b>	<b>1,061</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
Property, plant and equipment	427	(10)	-	417
Intangible assets	(13)	(2)	-	(15)
Allowances for credit losses	110	6	-	116
Right of use assets	380	(577)		(197)
Net gain or loss on Fair value of Mutual Funds	(11)	11	-	0
Defined benefit plans	130	-	77	207
Translation of foreign operations	(49)	-	1	(48)
Fair value changes on cash flow hedges	64	-	185	249
Others, including employee and other payables	475	150	-	624
<b>Total</b>	<b>1,513</b>	<b>(422)</b>	<b>263</b>	<b>1,353</b>

Deferred tax assets has not been recognised on accumulated long term capital loss of ₹ 1,067 as at March 31, 2024 and ₹ 1,424 as at March 31, 2023 respectively as it is not probable that taxable profit will be available against which the unused tax losses can be utilised in foreseeable future.

₹ in Lakhs

Particulars	As at March 31, 2024		As at March 31, 2023	
	Unabsorbed loss	Deferred tax	Unabsorbed loss	Deferred tax
Unused tax losses (long term capital loss) which expire in:				
-AY 2024-25	105	12	462	53
-AY 2025-26	962	110	962	100
<b>Total</b>	<b>1,067</b>	<b>122</b>	<b>1,424</b>	<b>153</b>

## 17.1 Revenue from operations (Refer note 22)

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from software services	87,283	81,632
Revenue from software product and licenses	7,739	10,453
Other operating revenues	8	1
<b>Total</b>	<b>95,030</b>	<b>92,086</b>



## 17.2 Other income

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income	823	1,345
Dividend income from long-term investments in subsidiaries (Refer note 38)	30,185	13,075
Net gain on investments carried at fair value through profit or loss	159	559
Net gain/(loss) on derivatives carried at fair value through profit or loss	765	(857)
Net gain on foreign currency transactions and translations	261	589
Other non-operating income		
Liabilities/provisions no longer required written back	171	85
Commission (includes transaction with Related party - Refer note 38)	341	392
Gain on termination of lease	436	466
Miscellaneous income	263	314
<b>Total</b>	<b>33,404</b>	<b>15,968</b>
<b>*Interest income comprise:</b>		
Interest on bank balances and bank deposits	751	1,253
Interest on sub lease ROU asset (Refer note 39)	25	25
Interest on financial assets carried at amortised cost	37	53
Interest on financial assets carried at fair value through profit or loss	10	14

## 18.1 Purchase of stock-in-trade (traded goods)

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchase of stock-in-trade (traded goods)	7,539	10,219
<b>Total</b>	<b>7,539</b>	<b>10,219</b>

## 18.2 Changes in inventories of stock-in-trade

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Stock		
Stock-in-trade - Hardware/Software product and licenses	-	17
	-	17
Closing Stock		
Stock-in-trade - Hardware/Software product and licenses	-	-
	-	-
<b>(Increase) / decrease in inventories</b>	<b>-</b>	<b>17</b>

## 19 Employee benefits expense

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	61,793	49,704
Contributions to provident and other funds (Refer note 30)	4,292	3,523
Employee stock compensation expense (Refer note 31)	383	679
Staff welfare expenses	556	444
<b>Total</b>	<b>67,024</b>	<b>54,350</b>

## 20 Finance costs

₹ in Lakhs

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest expense on financial liabilities measured at amortised cost:		
Borrowings	32	1
Lease rentals discounted (Refer note 39)	372	671
Others	76	21
Other borrowing costs	12	3
<b>Total</b>	<b>492</b>	<b>696</b>

## 21 Other expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Power and fuel	354	319
Rent (includes transactions with related parties - Refer note 38 & 39)	531	629
Repairs and maintenance - Buildings	-	3
Repairs and maintenance - Machinery	147	147
Insurance	1,183	1,123
Rates and taxes	98	95
Communication cost	578	530
Facility maintenance	386	404
Travelling and conveyance expenses	1,305	1,415
Professional and technical fees	923	1,442
Software project fees	415	234
Legal fees	143	119
Recruitment	689	939
Insourcing professional fees	3,259	4,595
Software license fees	1,607	1,004
Expenditure on corporate social responsibility (Refer note 34)	323	463
Payments to auditors (Refer note below)	146	110

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Net loss on fixed assets sold / scrapped	13	19
Impairment loss/(gain) recognised on trade receivable	224	28
Provision for doubtful advances	-	17
Miscellaneous expenses	965	869
<b>Total</b>	<b>13,289</b>	<b>14,504</b>
<b>Note: Payment to auditors comprises (net of input tax credit):</b>		
Statutory audit	93	100
Other services	45	4
Reimbursement of expenses	8	6
	<b>146</b>	<b>110</b>

## 22 Revenue from operations

### 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
Revenue from software services (over the period)		
Time and material	72,360	44,599
Fixed price	14,931	37,033
Revenue from software product and licenses at a point in time	7,739	10,454
<b>Total</b>	<b>95,030</b>	<b>92,086</b>

### Trade receivables and Contract Balances

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

### Contract assets

The below table discloses the movement in the balance of contract liabilities:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Balance as at beginning of the year</b>	<b>2,144</b>	<b>-</b>
Amount accrued during the year	2,986	2,862
Deduction on account of revenues billed during the year	(3,611)	(718)
<b>Balance as at end of the year</b>	<b>1,519</b>	<b>2,144</b>

## Contract liabilities

The below table discloses the movement in the balance of contract liabilities:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Balance as at beginning of the year</b>	<b>1,172</b>	<b>1</b>
Additional amounts billed but not recognized as revenue	6,491	1,279
Deduction on account of revenues recognised during the year	(4,816)	(108)
Translation exchange differences	6	-
<b>Balance as at end of the year</b>	<b>2,853</b>	<b>1,172</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.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2024, other than those meeting the exclusion criteria mentioned above, is ₹131 lakhs. The Company expects to recognize the revenue within the next one year. This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

## 23 Contingent Liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
<b>a) Guarantees</b>		
The Company has given corporate guarantees to certain suppliers of Sonata Information Technology Limited (SITL) and Sonata Software North America Inc., (SSNA), its wholly owned subsidiaries.	33,860	39,531
<b>b) Claims against the Company not acknowledged as debt</b>		
<b>i) Disputed demand of Service tax</b>		
The demand for payment of service tax for the period from FY 2006-07 to FY 2012-13 on services received and consumed by UK branch of the company and a subsidiary company at USA, treating it as import of service, wrong availment of cenvat credit and usage of software services provided to subsidiary. The company had filed appeal before the Commissioner of Appeals and is confident of getting favourable outcome based on legal precedents which support its stand.	1,028	1,028
<b>ii) Others</b>	2,341	3,071
<b>iii) Disputed demands of Income-tax</b>	7,142	7,142

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

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

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

For the financial years 2005-06 and 2006-07 ₹4,570 lakhs (As at March 31, 2023 - ₹ 4,570 lakhs), the Company has received favourable order from Income-tax Appellate Tribunal (ITAT) and the Department has preferred an appeal before the Honourable High Court of Mumbai.

For financial years 2010-11 & 2019-20 ₹ 2,572 lakhs (As at March 31, 2023 ₹ 2,572 lakhs), assessing officer has re-opened the Assessment under section 148 of the Act and disallowed 10A benefit. The Company has preferred an appeal before Commissioner of Income-tax (Appeals).

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

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.

## 24 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 for	72	494

## 25 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	86	157
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management.

## 26 Financial instruments

The carrying value 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	Amortised cost	Total Carrying value
<b>Financial assets</b>					
Investment in preference shares	5.1	-	-	2,500	2,500
Security deposits	5.2 & 7.5	-	-	1,360	1,360
Trade receivable	7.2	-	-	52,019	52,019
Cash and cash equivalents	7.3	-	-	1,973	1,973
Other balances with banks	7.4	-	-	6,764	6,764
Investment in PSU Bonds	5.1 & 7.1	-	-	157	157
Other financial assets	5.2 & 7.5	-	-	1,855	1,855
Forward contracts	7.5	71	21	-	92
<b>Total</b>		<b>71</b>	<b>21</b>	<b>66,628</b>	<b>66,720</b>
<b>Financial liabilities</b>					
Borrowings	12.1	-	-	4	4
Trade payables	12.3	-	-	8,615	8,615
Lease liabilities	11.1 & 12.2	-	-	3,396	3,396
Other financial liabilities	11.2 & 12.4	-	-	4,648	4,648
Forward contracts	12.4	66	124	-	190
<b>Total</b>		<b>66</b>	<b>124</b>	<b>16,663</b>	<b>16,853</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	Amortised cost	Total Carrying value
<b>Financial assets</b>					
Investment in preference shares	5.1	-	-	2,500	2,500
Security deposits	5.2 & 7.5	-	-	1,504	1,504
Trade receivable	7.2	-	-	30,752	30,752
Cash and cash equivalents	7.3	-	-	4,931	4,931
Other balances with banks	7.4	-	-	14,416	14,416
Investment in PSU Bonds	5.1 & 7.1	-	-	217	217
Other financial assets	5.2 & 7.5	-	-	711	711
Investment in mutual fund (Quoted)	7.1	-	-	2,022	2,022
Forward contracts	7.5	22	138	-	160
<b>Total</b>		<b>22</b>	<b>138</b>	<b>57,053</b>	<b>57,213</b>
<b>Financial liabilities</b>					
Borrowings	12.1	-	-	62	62
Trade payables	12.3	-	-	10,866	10,866
Lease liabilities	11.1 & 12.2	-	-	4,051	4,051
Other financial liabilities	11.2 & 12.4	-	-	2,194	2,194
Forward contracts	12.4	292	566	-	858
<b>Total</b>		<b>292</b>	<b>566</b>	<b>17,173</b>	<b>18,031</b>

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

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

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

1. The fair value of the quoted mutual funds are based on price quotations at reporting date. The fair value of other financial liabilities and other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates.
2. The fair values of the unquoted equity and preference shares have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility, the probabilities of the various estimates whose range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
3. The Company enters into derivative financial instruments with banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality of banks, foreign

exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc. As at March 31, 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.

## 27 Fair value hierarchy

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

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

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

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at March 31, 2024 and March 31, 2023.

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

₹ in Lakhs

Particulars	Fair value as at		Fair value hierarchy
	As at March 31, 2024	As at March 31, 2023	
Investment in mutual funds	-	2,022	Level 1
Investments in PSU bonds	157	217	Level 2
Foreign currency forward contracts (assets)	92	160	Level 2
Foreign currency forward contracts (liabilities)	190	858	Level 2

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
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

### 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:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Derivatives in hedging relationships		
Effective portion of gain or (loss) recognized in OCI on derivatives	305	(1,117)
Effective portion of gain or (loss) reclassified from OCI into statement of profit and loss as "revenue"	-	-

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

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	(518)	414
Unrealized gain or (loss) on cash flow hedging derivatives during the year	305	(1,117)
Net gain reclassified into statement of profit and loss on occurrence of hedged transactions	-	-
Deferred tax liability	(76)	185
Cash flow hedging reserve (net of tax)	(289)	(518)

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

₹ in Lakhs

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	
Designated derivative instruments (Sell):				
In USD	659	487	55,677	40,005
in GBP	68	89	7,126	9,087
in EUR	43	33	3,922	2,972
in AUD	20	24	1,108	1,379

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

₹ in Lakhs

Particulars	As at		As at	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Designated derivative instruments (Sell):	Amount in Lakhs		₹ in Lakhs	
Less than 3 months				
In USD	76	135	6,378	11,101
in GBP	39	6	4,100	577
in EUR	17	2	1,569	183
In AUD	13	1	693	59
More than 3 months				
In USD	584	352	49,299	28,904
in GBP	29	83	3,025	8,510
in EUR	26	31	2,353	2,789
in AUD	8	23	416	1,320

Average rate of coverage:

₹ in Lakhs

Particulars	As at March 31, 2024		As at March 31, 2023	
	Amount (in lakhs)	Weighted Average Rate (₹)	Amount (in lakhs)	Weighted Average Rate (₹)
USD	659	84.47	487	82.23
GBP	68	104.33	89	102.10
EUR	43	92.27	33	91.46
AUD	20	55.40	24	58.67

## 28 Financial risk management

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

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

### 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 (excluding Inter Company):

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from customer having more than 10% of total revenue	13,901	15,404

## Geographic concentration of credit risk

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

₹ 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
Trade receivables	4,434	47,009	6,901	22,867
Allowance for credit loss	205	1,177	89	374
% of credit loss to trade receivables	5%	3%	1%	2%

## Expected credit loss

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

Movement in allowances for credit losses

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	463	436
Allowance for expected credit loss (net)*	1,112	27
Bad debts written off during the year	(198)	-
Foreign exchange differences	5	-
Balance at the end of the year	1,382	463

\* The company has adjusted compensation right asset amounting to ₹ 888 Lakhs against the allowance for expected credit loss. The Company has disclosed the remaining amount of ₹ 224 Lakhs as allowance for expected credit loss in note 21 (Refer note 2.2 (r) 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's corporate treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management.

The liquidity position of the Group is given below:

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents	1,973	4,931
Other balances with banks	6,764	14,416
Investments in mutual funds (quoted)	-	2,022
Investments in PSU Bonds (Quoted)	119	62
Trade receivables	52,019	30,752
Other financial assets	1,732	504
Other current assets	6,545	4,806
Derivative financial instruments - cash flow hedge	92	160

The table below provides details regarding the contractual maturities of 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
Borrowings	4	-	-
Trade payables	8,615	-	-
Other financial liabilities	3,108	-	1,540
Lease liabilities	1,163	540	3,139
Derivative financial instruments - cash flow hedge	190	-	-

₹ in Lakhs

Particulars	As at March 31, 2023		
	Less than 1 year	1-2 years	2 years & above
Borrowings	62	-	-
Trade payables	10,866	-	-
Other financial liabilities	1,533	-	661
Lease liabilities	1,583	1,337	1,131
Derivative financial instruments - cash flow hedge	858	-	-

₹ in Lakhs

### 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:

- an approximately ₹ 680 lakhs increase and decrease in the Company's net profit as at March 31, 2024
- an approximately ₹ 119 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

Particulars	USD	GBP	EUR	Other Currencies*
<b>As at March 31, 2024</b>				
<b>Assets</b>				
Trade receivables	40,639	3,454	3,874	143
Cash and cash equivalents	1,035	39	67	4
Other assets	330	53	1,536	36
<b>Liabilities</b>				
Trade payables	7,684	1,463	289	471
<b>Net assets/liabilities</b>	<b>34,320</b>	<b>2,083</b>	<b>5,188</b>	<b>(287)</b>
<b>As at March 31, 2023</b>				
<b>Assets</b>				
Trade receivables	5,574	4,015	987	1,423
Cash and cash equivalents	38	235	2	173
Other assets	633	490	-	14
<b>Liabilities</b>				
Trade payables	3,192	-	-	926
<b>Net assets/liabilities</b>	<b>3,053</b>	<b>4,740</b>	<b>989</b>	<b>684</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 0.32%/ (0.32%). For the year ended March 31, 2023, the impact on operating margins would be 0.09%/ (0.09)%.

#### 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.

## 29 Capital management

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

The capital structure of the company consists of the following:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Total equity attributable to the equity share holders of the Company	70,668	55,360
As percentage of total capital	95%	93%
Lease liabilities	3,396	4,051
Current borrowings	4	62
<b>Total borrowings and lease liabilities</b>	<b>3,400</b>	<b>4,113</b>
As a percentage of total capital	5%	7%
<b>Total capital (borrowings and equity)</b>	<b>74,068</b>	<b>59,473</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.

## 30 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 ₹ 1,368 lakhs (for the year ended March 31, 2023 ₹ 1,255 lakhs) has been charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 19 Employee benefits expense).

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

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Employee's state insurance (as part of staff welfare expenses in Note 19 Employee benefits expense)	-	1
Superannuation (as part of contribution to provident fund and other funds in Note 19 Employee benefits expense)	1,802	1,382
National pension scheme (as part of contribution to provident fund and other funds in Note 19 Employee benefits expense)	129	86
National insurance contribution (as part of contribution to provident fund and other funds in Note 19 Employee benefits expense)	246	146
Other contribution (as part of contribution to provident fund and other funds in Note 19 Employee benefits expense)	4	4

ii) **Defined benefit plans - Gratuity**

The entity has a defined benefit gratuity plan in India (funded). The entity'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 Group 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.



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%
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:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Service cost:</b>		
Current service cost	697	610
Net interest expense	46	39
Components of defined benefit costs recognised in profit or loss	<b>743</b>	<b>649</b>
<b>Remeasurement on the net defined benefit liability:</b>		
Return on plan assets (excluding amounts included in net interest expense)	(559)	178
Actuarial (gains) / losses arising from changes in financial assumptions	104	(277)
Actuarial (gains) / losses arising from experience adjustments	44	561
Actuarial (gains) / losses arising from Demographic adjustments	-	-
Components of defined benefit costs recognised in other comprehensive income	<b>(411)</b>	<b>462</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.

₹ in Lakhs

Particulars	As at March 31, 2024	As at 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	(7,790)	(6,872)
Fair value of plan assets	7,687	6,265
<b>Net (liability) / assets arising from defined benefit obligation</b>	<b>(103)</b>	<b>(607)</b>
Movements in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	6,872	6,258
Current service cost	697	610
Interest cost	513	421
Remeasurement (gains)/losses:		
<b>Actuarial gains and losses arising from changes in financial assumptions</b>	<b>104</b>	<b>(277)</b>
Actuarial gains and losses arising from experience adjustments	44	561
Actuarial (gains) / losses arising from Demographic adjustments	-	-
Benefits paid	(440)	(701)
Liability transferred out/ divestments	-	-
<b>Closing defined benefit obligation</b>	<b>7,790</b>	<b>6,872</b>
<b>Movements in the fair value of the plan assets are as follows</b>		
Opening fair value of plan assets	6,265	5,680
Interest income	467	382
Return on plan assets (excluding amounts included in net interest expense)	559	(178)
Contributions from the employer	836	1,083
Benefits paid	(440)	(702)
<b>Liability transferred out/ divestments</b>	<b>-</b>	<b>-</b>
<b>Closing fair value of plan assets</b>	<b>7,687</b>	<b>6,265</b>

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

Particulars	As at March 31, 2024	As at March 31, 2023
Insurer Managed Funds	100%	100%
<b>Category of funds :</b>		
Secure Fund	0.00%	15.12%
Defensive Fund	56.41%	42.71%
Balanced Fund	43.54%	42.12%
Stable Fund	0.05%	0.06%

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)	(399)	446	(390)	349
Future salary growth (1% movement)	451	(411)	396	(360)
Employee turnover rate (1% movement)	44	(50)	47	(53)

The Company expects to contribute ₹ 914 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				
	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Present value of defined benefit obligation	7,790	6,872	6,258	5,291	4,136
Fair value of plan assets	7,687	6,265	5,680	4,376	3,399
Surplus / (deficit)	(103)	(607)	(578)	(915)	(737)
Experience adjustments on plan liabilities - (gain)/losses	44	561	1,240	309	77
Return on plan assets - (losses)/gain	559	(178)	135	640	(291)

Maturity profile of defined benefit obligation:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Within 1 year	1,171	1,112
1-2 years	845	694
2-3 years	812	753
3-4 years	854	716
4-5 years	768	728
5 and Above	8,229	7,386

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%	7.38%
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%

The amount included in the balance sheet arising from the entity'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	1,360	1,267
<b>Present value of compensated absences</b>	<b>1,360</b>	<b>1,267</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)	(41)	47	(44)	39
Future salary growth (1% movement)	47	(43)	40	(41)

Maturity profile of compensated absences:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Within 1 year	134	159
1-2 years	100	84
2-3 years	89	97
3-4 years	78	78
4-5 years	71	65
5 years and above	303	293

## 31 Share-based payments

### a) Employee share option plan of the Company

#### i) Details of the employee share option plan of the Company

The Company has a stock option plan for employees of the Company and its subsidiaries, authorized by the nomination and remuneration committee. In accordance with the terms of the plan, as approved by shareholders at its annual general meeting dated August 19, 2014. Eligible employees are granted to get stock option with graded vesting period of four years. The quantum of stock option is decided by the Nomination and Remuneration Committee. The shares are transferred to employees from the Sonata Software Ltd Employee Welfare Trust based on approval.

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

The following share-based payment arrangements were in existence during the year ended March 31, 2024

Number of shares	Grant date	Vesting date	Exercise price (₹)*	Fair value of the stock options at grant date (₹)*
8,000	May 31, 2019	May 30, 2023	132.94	51.66
53,332	May 29, 2020	May 28, 2023	77.27	23.49
106,664	May 2, 2022	May 1, 2026	282.05	82.14 - 101.15
1,066,664	Apr 8, 2022	Apr 7, 2026	294.54	90.97 - 111.22
93,331	Apr 29, 2022	Apr 28, 2026	281.13	84.97 - 104.1
100,331	May 19, 2022	May 18, 2026	250.66	78.20 - 94.73
70,000	May 25, 2022	May 24, 2026	247.07	77.79 - 87.93
160,000	Apr 3, 2023	Apr 2, 2027	418.15	115.48 - 130.99

\* Adjusted for issuance of bonus shares in December 2023 in the ratio of 1:1

The following share-based payment arrangements were in existence during the year ended March 31, 2023

Number of shares	Grant date	Vesting date	Exercise price (₹)*	Fair value of the stock options at grant date (₹)
53,332	May 29, 2017	May 29, 2022	149.65	43.49 - 55.86
66,000	May 31, 2019	May 30, 2024	354.50	115.54-137.75
79,998	May 29, 2020	May 28, 2025	206.50	54.22 - 62.63
533,332	Apr 8, 2022	Apr 7, 2026	589.09	181.94 - 222.44
53,332	Apr 29, 2022	Apr 28, 2026	562.25	169.94 - 208.21
106,664	May 2, 2022	May 1, 2026	564.09	164.28 - 202-29
53,332	May 19, 2022	May 18, 2026	501.31	156.41 - 189.47
40,000	May 25, 2022	May 24, 2026	494.14	143.81 - 175.85

\* Adjusted for issuance of bonus shares in September 2022 in the ratio of 1:3



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

Options are priced using Black - Scholes pricing model.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour

### Inputs into the model

#### For the year ended March 31, 2024

Grant date	May 31, 2019	May 29, 2020	Apr 8, 2022	Apr 29, 2022	May 2, 2022	May 19, 2022	May 25, 2022	April 3, 2023
Grant date share price (₹)*	178.35	101.45	299.98	282.04	278.38	252.21	241.43	429.50
Exercise price (₹)*	177.25	77.27	294.55	281.13	282.05	250.66	247.07	418.15
Expected volatility (%)	53-26	40	40	40	40	40	40	40
Option life (in years)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Dividend yield (%)	2.50	2.50	2.00	2.00	2.00	2.00	2.00	4.50
Risk-free interest rate (%)	6.71 - 7.03	4.76-5.26	6.00 - 6.67	6.32 - 6.89	6.29 - 6.85	7.03 - 7.28	6.88 - 7.13	7.29 - 7.32

\* Adjusted for issuance of bonus shares in December 2023 in the ratio of 1:1

#### For the year ended March 31, 2023

Grant date	May 29, 2017	May 31, 2019	May 29, 2020	Apr 8, 2022	Apr 29, 2022	May 2, 2022	May 19, 2022	May 25, 2022
Grant date share price (₹)*	142.17	356.70	202.90	599.96	564.08	556.76	504.41	482.85
Exercise price (₹)*	149.65	354.50	501.31	589.09	562.25	564.09	501.31	494.14
Expected volatility (%)	36.47 - 40.61	53-26	40.00	40	40	40	40	40
Option life (in years)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Dividend yield (%)	-	3	2.50	2.00	2.00	2.00	2.00	2.00
Risk-free interest rate (%)	6.66 - 6.79	6.71 - 7.03	4.76-5.26	6.00 - 6.67	6.32 - 6.89	6.29 - 6.85	7.03 - 7.28	6.88 - 7.13

\* Adjusted for issuance of bonus shares in September 2022 in the ratio of 1:3

## (iii) Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

Particulars	2023-24		2022-23	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Balance at beginning of year	821,326	543.88	253,330	198.48
Granted during the year *	836,996	-	786,660	-
Exercised during the year	78,332	463.29	144,664	168.19
Cancelled during the year	159,996	-	74,000	-
<b>Balance at end of year</b>	<b>1,419,994</b>	<b>295.83</b>	<b>821,326</b>	<b>543.88</b>
Exercisable at the end of the year	319,998	258.33	-	-

\* Includes bonus issue in the ratio of 1:1. no of options 756,996 (previous year bonus issue in the ration of 1:3 no of options 241,990)

#### (iv) Stock options exercised during the year

The following share options were exercised during the financial year 2023-24:

Granted on	Number exercised	Exercise date	Share price at exercise date (₹)
May 05, 2019 to May 25, 2022	78,332	June 02, 2023 to January 31, 2024	478.10 to 768

The following share options were exercised during the financial year 2022-23:

Granted on	Number exercised	Exercise date	Share price at exercise date (₹)
May 29, 2017 to May 29, 2019	142,664	June 1, 2022 to March 29, 2023	515.60 to 751.65

#### (v) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 295.83 (as at March 31, 2023 ₹ 543.88)

During the year, the amount recognised as expense for employee stock options is ₹ 455 Lakhs (for the year ended March 31, 2023 is ₹ 746 Lakhs). Reversal of ESOP expenditure is ₹ 72 lakhs (for the year ended March 31, 2023 is ₹ 67 lakhs)

### 32 Segment reporting

The Company publishes this financial statement along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

### 33 Consolidation of Employee Welfare Trust

Ind AS 110 – Consolidated financial statements defines control and establishes control as the main basis for consolidating the entities. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, in view of which the company has consolidated Sonata employee welfare trust accounts

During the year ended March 31, 2024, no advance has been given to Sonata Software Employees Welfare Trust. The assets and liabilities of the aforesaid trust have been accounted for as the assets and liabilities of the Company on the basis that such trust is merely acting as the agent of the Company. Cash and cash equivalents and bank balances of ₹ 2,652 lakhs, investments ₹ 22 lakhs, other assets ₹ 49 lakhs and other liabilities ₹ 3 lakhs, equity ₹ 2,720 lakhs.

(During the year ended March 31, 2023, no advance has been given to Sonata Software Employees Welfare Trust. The assets and liabilities of the aforesaid trust have been accounted for as the assets and liabilities of the Company on the basis that such trust is merely acting as the agent of the Company. Cash and cash equivalents and bank balances of ₹ 2,153 lakhs, investments ₹ 23 lakhs, other assets ₹ 11 lakhs and other liabilities ₹ 32 lakhs, equity ₹ 2,155 lakhs.)

### 34 Corporate social responsibility

As per Section 135 of Companies Act, 2013 a company meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Group as per the Companies Act, 2013. The CSR initiatives are focused towards the areas of education, healthcare, livelihood support, conserving art and economic empowerment of Artisans through technological support.

- (i) Gross amount required to be spent by the Company during the year is ₹ 369 lakhs (Previous year is ₹ 416 lakhs).
- (ii) Amount spent during the year is ₹ 323 lakhs (Previous year is ₹ 463 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	323	-	323	463	-	463
<b>Total</b>	<b>323</b>	<b>-</b>	<b>323</b>	<b>463</b>	<b>-</b>	<b>463</b>

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

(iv) Excess amount spent:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening balance	(47)	-
Add: Amount required to be spent during the year	369	416
Less: Amount Spent during the year	(323)	(463)
Closing balance ( short / (excess) spent)	(1)	(47)

## 35 Earnings per share

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

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after tax attributable to equity shareholders ( ₹ in lakhs) (a)	35,880	35,880	22,037	22,037
Weighted average number of equity shares outstanding during the period* (Nos)	280,370,595	280,370,595	280,424,816	280,424,816
Weighted average number of potential equity shares exercised by Sonata Software Limited Employee Welfare Trust (Nos)	(2,872,340)	(2,872,340)	(3,015,004)	(3,015,004)
Weighted average number of equity shares resulting from assumed exercise of employee stock options (Nos)	-	473,163	-	-
Weighted average number of equity shares for calculation of earning per share (Nos) (b)	277,498,255	277,971,418	277,409,812	277,409,812
Basic earning per share (a/b)	12.93		7.94	
Diluted earning per share (a/b)		12.91		7.94

\* Includes issue of 138,769,238 bonus shares during the current year.

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

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

The Board of Directors at their meeting held on October 25, 2023 had declared an interim dividend of 700% (₹ 7 per equity share of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on May 7, 2024 have recommended a final dividend of 440 % (₹ 4.4 per equity share of par value ₹ 1 each), which is subject to approval of shareholders.

The Board of Directors at their meeting held on October 18, 2022 had declared an interim dividend of 700% (₹7 per equity share of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on May 13, 2023 have recommended a final dividend of 875 % (₹ 8.75 per equity share of par value ₹ 1 each), which was approved by shareholders.

## 38 Related party disclosure

### i) Details of related parties :

Description of relationship	Names of related parties
<b>a) Wholly owned subsidiaries (WOS)</b>	Sonata Information Technology Limited
	Sonata Software Solutions Limited
	Sonata Software North America Inc.
	Sonata Software GmbH
	Sonata Europe Limited
	Sonata Software FZ LLC <sup>1</sup>
	Sonata Australia Pty Ltd
	Encore IT Services Solutions Private Limited
	Sonata Software Intercontinental Limited
	Sonata Software Malaysia SDN. BHD. <sup>2</sup>
<b>(b) Subsidiary</b>	Interactive Business Information Systems Inc. <sup>3</sup>
	Sonata Software LLC,US (formerly known as Sopris Systems LLC)
	Sonata Software (Qatar) LLC
	GAPbuster Limited
	GAPbuster Europe Limited
	GAPbuster Inc
	GAPbuster Worldwide Pty Limited
	Sonata Software (Shanghai) Co., Ltd (formerly known as GAPbuster China Co. Limited)
	Sonata Software Japan KK (formerly known as Kabushiki Kaisha Gapbuster Japan)
	Sonata Software Worldwide Malaysia SDN. BHD. (formerly known as GAPbuster Worldwide Malaysia Sdn Bh)
	Encore Software Services, Inc.
	Sonata Software Canada Limited
	Sonata Latin America S. DE R.L. DE C.V. <sup>4</sup>
	Quant Systems Inc. <sup>5</sup>
	Quant Cloud Solutions Private Limited <sup>5</sup>
Quant Systems CRC Inc Sociedad de Responsabilidad Limitada <sup>5</sup>	
Woodshed LLC <sup>5</sup>	
<b>(c) Entity with common key management personnel (KMPE)</b>	Health & Glow Private Limited
<b>(d) Post-employment benefit plan (Refer Note 30)</b>	Sonata Software Limited Gratuity Fund
	Sonata Software Officers' Superannuation Fund
<b>(e) Key management personnel (KMP)</b>	Mr. Samir Dhir, Managing Director & Chief Executive Officer (w.e.f. Feb 14, 2023)
	Mr. P Srikar Reddy, Executive Vice Chairman & Whole Time Director (w.e.f. Feb 14, 2023)
	Mr. Pradip P Shah, Chairman & Independent Director
	Ms. Radhika Rajan, Independent Director
	Mr. Viren Raheja, Non Executive Director
	Mr. S B Ghia, Non Executive Director
	Mr. Sanjay K Asher, Independent Director
	Mr. Jagannathan C N, Chief Financial Officer
	Ms. Mangal Krishnarao Kulkarni, Company Secretary

ii) Transactions with related parties :

₹ in Lakhs

Particulars	WOS, Subsidiary, KMP, KMPE	
	March 31, 2024	March 31, 2023
<b>Rendering of services</b>		
Sonata Software North America Inc.	43,489	32,033
Sonata Europe Limited	8,328	10,021
Sonata Software FZ LLC	-	4
Gapbuster Worldwide Pty Limited	-	226
Interactive Business Information Systems Inc.	-	157
Sonata Australia Pty Ltd	1,078	909
Sonata Software LLC,US (formerly known as Sopris Systems LLC)	-	130
Sonata Software Canada Limited	342	-
Quant Systems Inc.	41	-
Sonata Software Intercontinental Limited	675	394
Health & Glow Private Limited	131	-
<b>Sale of Product</b>		
Sonata Software North America Inc.	11	12

₹ in Lakhs

Particulars	WOS, Subsidiary, KMPE	
	March 31, 2024	March 31, 2023
<b>Purchase of Software products and licenses</b>		
Sonata Information Technology Limited	10,273	12,151
Gapbuster Worldwide Pty Limited	-	126
Sonata Software GmbH	249	-
Sonata Software Malaysia SDN. BHD.	58	-
Sonata Australia Pty Ltd	108	108
<b>Commission on Sales</b>		
Sonata Australia Pty Ltd	-	35
<b>Reimbursement of expenses received</b>		
Sonata Information Technology Limited	199	1
Sonata Software North America Inc.	71	78
Sonata Software GmbH	2	-
Sonata Software Solutions Limited	38	-
Sonata Australia Pty Ltd	24	-
Sonata Software Intercontinental Ltd	-	8
Sonata Europe Limited	1,057	178



Particulars	WOS, Subsidiary, KMPE	
	March 31, 2024	March 31, 2023
Sonata Software (Qatar) LLC	4	-
Sonata Software Malaysia SDN. BHD.	27	-
Sonata Software LLC,US (formerly known as Sopris Systems LLC)	4	22
<b>Reimbursement of expenses paid</b>		
Sonata Software North America Inc.	663	47
Sonata Europe Limited	310	38
Sonata Software Worldwide Malaysia SDN. BHD. (formerly known as GAPbuster Worldwide Malaysia Sdn Bh)	15	-
Gapbuster Worldwide Pty Limited	16	-
Sonata Information Technology Limited	11	-
Sonata Australia Pty Ltd	2	-
Sonata Software Solutions Limited	11	-
<b>Inter corporate deposits given</b>		
Sonata Information Technology Limited	14,570	9,410
<b>Inter corporate deposits recovered</b>		
Sonata Information Technology Limited	14,570	9,410
<b>Interest income on inter corporate deposits</b>		
Sonata Information Technology Limited	38	54
<b>Recovery of rent</b>		
Sonata Information Technology Limited	107	96
<b>Dividend received</b>		
Sonata Software Solutions Limited	8,800	-
Sonata Australia Pty Ltd	1,785	267
Sonata Information Technology Limited	18,500	12,509
Encore IT Services Solutions Private Limited	1,100	300
<b>Commission received on guarantees given on behalf of subsidiary</b>		
Sonata Information Technology Limited	337	331
Sonata Software North America Inc.	-	61
<b>Compensation of key management personnel of the Company</b>		

₹ in Lakhs

Particulars	WOS, Subsidiary, KMPE	
	March 31, 2024	March 31, 2023
Short-term employee benefits <sup>6</sup>	1,892	2,445
Other long term employee benefits	694	636
Share-based payment transactions	304	969
Others	320	720
<b>Total compensation paid to key management personnel</b>	<b>3,210</b>	<b>4,770</b>

₹ in Lakhs

Particulars	WOS, Subsidiary, KMPE	
	March 31, 2024	March 31, 2023
<b>Balances outstanding at the end of the year</b>		
<b>Trade receivables</b>		
Sonata Software North America Inc.	36,703	13,748
Sonata Europe Limited	3,896	2,030
Sonata Software LLC,US (formerly known as Sopris Systems LLC)	-	236
Sonata Australia Pty Ltd	-	1,317
Sonata Software Solutions Limited	-	28
Sonata Software Intercontinental Limited	932	487
Sonata Software Canada Limited	212	-
Quant Systems Inc.	41	-
Gapbuster Worldwide Pty Limited	-	20
Health & Glow Private Limited	22	-
<b>Reimbursement of expenses receivable</b>		
Sonata Information Technology Limited	157	90
Sonata Software North America Inc.	65	104
Sonata software GMBH	2	-
Sonata Australia Pty Ltd	3	-
Sonata Software Malaysia SDN. BHD.	27	-
Sonata Software Solutions Limited	35	2
Sonata Software Intercontinental Ltd	9	9
<b>Trade payables</b>		
Sonata Information Technology Limited	4,057	2,920
Sonata Software (Qatar) LLC	-	18
Sonata Australia Pty Ltd	413	528
Sonata software GMBH	203	-

Particulars	WOS, Subsidiary, KMPE	
	March 31, 2024	March 31, 2023
Sonata Software LLC,US (formerly known as Sopris Systems LLC)	2	2
Sonata Software Malaysia SDN. BHD.	58	-
Sonata Software North America Inc.	104	103
<b>Reimbursement of expenses payable</b>		
Sonata Software North America Inc.	699	561
Sonata Information Technology Limited	24	12
Sonata Europe Limited	1,884	454
Sonata Australia Pty Ltd	6	-
Sonata Software LLC,US (formerly known as Sopris Systems LLC)	1	-
Gapbuster Worldwide Pty Limited	16	-
Sonata Software Worldwide Malaysia SDN. BHD. (formerly known as GAPbuster Worldwide Malaysia Sdn Bh)	15	-
Sonata Software Solutions Limited	6	
Sonata Software (Qatar) LLC	-	4
<b>Guarantees given on behalf of Subsidiary</b>		
Sonata Software North America Inc.	-	6,163
Sonata Information Technology Limited	33,860	33,368
<b>Payable to key management personnel of the Company</b>		
Short-term employee benefits <sup>7</sup>	1,836	590
Other long term employee benefits	1,447	636
Share-based payment transactions	846	542
Others	320	703

<sup>1</sup> Sonata Software FZ LLC has been discontinued w.e.f 30th March, 2023.

<sup>2</sup> Sonata Software Malaysia SDN. BHD. has been incorporated in Malaysia with effect from June 13, 2023.

<sup>3</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.

<sup>4</sup> Sonata Latin America S. DE R.L. DE C.V. has been incorporated in Ireland with effect from May 05, 2022.

<sup>5</sup> Sonata Software North America Inc., (SSNA) has acquired 100% stake in Quant Systems Inc. a Texas based company on March 10, 2023.

<sup>6</sup> The above employment benefits excludes gratuity and compensated absences which cannot be separately identified from the composite amount advised by the actuary.

Terms and conditions of transactions with related parties:

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. Inter corporate deposits are unsecured, repayable on demand in cash and interest rate ranges between 8.5%-9.9%
3. Commission on corporate guarantee is charged at 1%
4. The balance outstanding above are unsecured and would be settled in cash.

## 39 Leases

The Company leases mainly comprises of land and buildings. The Company leases buildings for operational purposes.

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

₹ in Lakhs

Particulars	Category of ROU asset		
	land	buildings	Total
<b>Balance as at April 1, 2023</b>	<b>190</b>	<b>2,868</b>	<b>3,058</b>
Additions	-	2,442	2,442
Deletion	-	(1,393)	(1,393)
Depreciation	(13)	(1,017)	(1,030)
<b>Balance as at March 31, 2024</b>	<b>177</b>	<b>2,900</b>	<b>3,077</b>
<b>Balance as at April 1, 2022</b>	<b>203</b>	<b>5,531</b>	<b>5,734</b>
Deletion	-	(1,381)	(1,381)
Depreciation	(13)	(1,282)	(1,295)
<b>Balance as at March 31, 2023</b>	<b>190</b>	<b>2,868</b>	<b>3,058</b>

The following is the movement in lease liabilities during the year:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	<b>4,051</b>	<b>7,145</b>
<b>Non-cash changes</b>		
Additions	2,531	-
Finance cost accrued during the year	372	671
Deletions	(1,984)	(1,848)
<b>Cash changes</b>		
Payment of lease liabilities	(1,574)	(1,917)
<b>Balance at the end of the year</b>	<b>3,396</b>	<b>4,051</b>

Incremental borrowing rate used for discounting of lease liabilities is 9.20% to 10.81% based on the lease term.

The following is the break-up of lease liabilities as at March 31, 2024 based on their maturities:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	1,101	1,583
Non-current lease liabilities	2,295	2,468
<b>Total</b>	<b>3,396</b>	<b>4,051</b>

The following is the movement in the net investment in sublease in ROU asset:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	209	251
Addition	143	-
Deletion	(165)	-
Interest income accrued during the year	25	25
Lease receipts	(71)	(67)
<b>Balance at the end of the year</b>	<b>141</b>	<b>209</b>

### Contractual maturities of lease liabilities

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Not later than one year	1,163	1,673
Later than one year and not later than 5 years	1,606	3,122
Later than 5 years	2,073	-
<b>Total</b>	<b>4,842</b>	<b>4,795</b>

The table below provides details regarding the contractual maturities of net investment in sublease of ROU asset on an undiscounted basis:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Not later than one year	18	65
Later than one year and not later than 5 years	82	193
Later than 5 years	123	-
<b>Total</b>	<b>223</b>	<b>258</b>

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
Interest income on sub lease ROU asset	25	25
<b>Total</b>	<b>25</b>	<b>25</b>
Finance cost on lease liabilities during the year	372	671
Depreciation on ROU assets	1,030	1,295
Rent expense pertaining to short- term leases	531	629
<b>Total</b>	<b>1,933</b>	<b>2,595</b>



40. The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. The quarterly statements filed by the Company with such banks are in agreement with the books of account of the Company except:

- for the quarter ended June, 2023, variance of ₹ 320 Lakhs in book debts.
- for the quarter ended September, 2023, variance of ₹1,212 Lakhs in book debts.
- for the quarter ended December, 2023, variance of ₹ 1,194 Lakhs in sundry creditors.

The variance are primarily attributable to re-classifications. The Company has subsequently filed rectified statements.

41. The table below provides financial ratios :

Ratio/Measure	Methodology	For the year ended March 31, 2024	For the year ended March 31, 2023
Current ratio	Current assets over current liabilities	3.33	2.74
Debt-equity ratio <sup>1</sup>	Debt over total shareholders equity	0.05	0.07
Debt service coverage ratio <sup>2</sup>	EBITDA over current debt	25.41	12.37
Return on equity ratio <sup>3</sup>	PAT over total average equity	0.57	0.39
Trade receivable turnover ratio <sup>4</sup>	Revenue from operations over trade receivables	1.83	3.25
Trade payable turnover ratio <sup>5</sup>	Adjusted expenses over trade payables	10.20	7.75
Net capital turnover ratio <sup>8</sup>	Revenue from operations over working capital	1.92	1.53
Net profit ratio <sup>6</sup>	Net profit over revenue	0.38	0.24
Return on capital employed	EBIT over capital employed	0.51	0.45
Return on investment <sup>7</sup>	Interest income, net gain on sale of investments and net fair value gain & dividend income over weighted average investments.	1.55	0.44

**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 has improved on account of higher profits in current financial year leading to higher net worth.

<sup>2</sup> Debt service coverage ratio increased on account of increase in EBIT during the year ended March 31, 2024

<sup>3</sup> Return on equity ratio increased on account of increase in PAT during the year ended March 31, 2024

<sup>4</sup> Trade receivable turnover ratio has decreased on account of increase in receivables for the year ended March 31, 2024

<sup>5</sup> Trade payable turnover ratio has increased on account of increase in expenses for the year ended March 31, 2024

<sup>6</sup> Net profit ratio has improved on account of increase in profit for the year ended March 31, 2024

<sup>7</sup> Return on investment has improved on account of increase in dividend received during the financial year 2023-24

<sup>8</sup> Net capital turnover has improved on account of increase in revenue during the financial year 2023-24

42. 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

**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: Mumbai  
Date : May 07, 2024

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

**Pradip P Shah**  
Chairman

**Jagannathan C N**  
Chief Financial Officer

**Mangal Krishnarao Kulkarni**  
Company Secretary

Place: Mumbai  
Date : May 07, 2024

**Samir Dhir**  
Managing Director & CEO

**R Sathyanarayana**  
VP - Finance & Accounts

Place: Mumbai  
Date : May 07, 2024

# INDEPENDENT AUDITOR'S REPORT

## To the Members of Sonata Software Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of Sonata Software Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2024, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policies and other explanatory information [in which are included the financial information from 10 branches] (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2024, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in terms of the Code of Ethics issued by the Institute of Chartered Accountants of India and the relevant provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements..

#### Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of Goodwill	
See Note 5 to consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The consolidated financial statements of the Group as at 31 March 2024 carries goodwill amounting to Rs 111,346 lakhs which represents a significant portion of the Group's total assets. This goodwill has been recorded on the acquisition of Companies/businesses by various entities in the Group.</p> <p>Goodwill is tested for impairment annually, at a minimum, at the cash generating unit level, whereby the carrying amount of the cash generating units (including goodwill) is compared with the recoverable amount of the cash generating units. The recoverable amount is determined on the basis of the value in use which is the present value of future cash flows of the cash generating units. The present value is determined using discounted cash flow model.</p> <p>The preparation of this estimate is highly dependent on management estimates, which among others include, the expected business and cash flow forecasts for future years, subjective judgments such as growth rate, terminal growth rate, discount rate and other complex calculations which requires special audit consideration</p> <p>Due to the quantum of the carrying value of Goodwill to total assets of the Group and significant estimates and judgements involved in assessing the value in use of cash generating units, this is considered as a key audit matter.</p>	<p>Our audit procedures with respect to this matter included the following:</p> <p>Evaluated the design, implementation and operating effectiveness of the processes and internal controls relating to impairment of goodwill.</p> <p>Evaluated the Group's identification of Cash generating units (CGU's), the carrying value of each CGU and the appropriateness of methodology followed by management for the impairment assessment and whether that is in compliance with the applicable accounting standards.</p> <p>Evaluated the basis of key assumptions included in the cash flow forecasts used in computing recoverable amount of each CGU, such as growth rate, profitability, discount rate etc. with reference to our understanding of their business and historical trends.</p> <p>Engaged our valuation specialists to evaluate the appropriateness of methodology used to compute the recoverable amount of the CGU and the key underlying assumptions.</p> <p>Assessed the sensitivity of the outcome of the impairment assessment to a reasonably possible change in key assumptions used in the computation.</p> <p>Assessed the adequacy and appropriateness of the disclosures made in the Consolidated Financial Statements in compliance with the requirements of Ind AS 36: "Impairment of Assets".</p>

Revenue recognition - Fixed Price contracts where revenue is recognized using percentage of completion method	
See Note 2.3 (k) and 25 to consolidated financial statements	
The key audit matter	How the matter was addressed in our audit
<p>The Group enters into fixed- price arrangements, where, revenue is recognized using percentage of completion computed as per input method based on the Group's estimate of contract efforts.</p> <p>We identified revenue recognition of fixed price contracts where the percentage of completion is used as a key audit matter since:</p> <ul style="list-style-type: none"> <li>• there is an inherent risk around the accuracy and existence of revenues recognised considering the complex nature of these contracts and significant inputs;</li> <li>• application of revenue recognition accounting standard (Ind AS 115, Revenue from Contracts with customers) is complex and involves a number of key judgments and estimates in mainly identifying performance obligations, related transaction price and estimating the future efforts-to- completion of these contracts, which is used to determine the percentage of completion of the relevant performance obligation</li> </ul>	<p>Our audit procedures included the following:</p> <p>Assessing the appropriateness of Company's revenue recognition, accounting policies, and assessing compliance with the policies, in terms of applicable accounting standards.</p> <p>Testing the design/implementation and operating effectiveness of controls operating over recognition of revenue over a period of time, the status of completion for projects and total estimate of efforts</p> <p>On selected samples of contracts, evaluating the identification of performance obligation and the determination of transaction price</p> <p>Recalculating the percentage of completion based on the latest budgeted final efforts and the total actual efforts incurred till date on the selected samples of contracts</p> <p>We observed that the estimates of efforts to complete were reviewed and approved by appropriate levels of management</p> <p>Verifying the related disclosures in the Consolidated financial statements as required by the relevant accounting standards</p>

### Information Other than the Consolidated financial statements and Auditors Report Thereon

The Holding Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Holding Company's Annual report, but does not include the financial statements and auditor's report thereon. The Holding Company's Annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions, as applicable under the relevant laws and regulations.



## **Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements**

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of each company.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matters" in this audit report.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

## **Other Matters**

- a. We did not audit the financial statements of 2 subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of Rs. 22,164 lakhs as at 31 March 2024, total revenues (before consolidation adjustments) of Rs 24,285 lakhs and net cash outflows (before consolidation adjustments) amounting to Rs. 199 lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as

it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to our reliance on the work done and the reports of the other auditors.

- b. The financial statements of 18 subsidiaries, whose financial statements reflects total assets (before consolidation adjustments) of Rs. 13,704 lakhs as at 31 March 2024, total revenues (before consolidation adjustments) of Rs. 42,581 lakhs and net cash outflows (before consolidation adjustments) amounting to Rs. 467 lakhs for the year ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. These unaudited financial statements have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.
- b. Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of this matter with respect to the financial statements certified by the Management.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries, as were audited by other auditor(s), as noted in the "Other Matters" paragraph, we report, to the extent applicable, that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditors except for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - c. The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d. In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

- e. On the basis of the written representations received from the directors of the Holding Company as on 01 April 2024 to 04 April 2024 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India are disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. the reservation relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f)] below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiaries, as noted in the "Other Matters" paragraph:
- a. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2024 on the consolidated financial position of the Group. Refer Note 26 to the consolidated financial statements.
  - b. Provision has been made in the consolidated financial statements, as required under the applicable law or Ind AS, for material foreseeable losses, on long-term contracts including derivative contracts. Refer Note 29 to the consolidated financial statements in respect of such items as it relates to the Group.
  - c. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India during the year ended 31 March 2024.
  - d. (i) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 45 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or any of such subsidiary companies to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or any of such subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (ii) The respective management of the Holding Company and its subsidiary companies incorporated in India whose financial statements have been audited under the Act represented to us and the other auditors of such subsidiary companies that, to the best of their knowledge and belief, as disclosed in the Note 45 to the consolidated financial statements, no funds have been

received by the Holding Company or any of such subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or any of such subsidiary companies shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.
- e. The final dividend paid by the Holding Company and its subsidiary companies incorporated in India during the year in respect of the same declared for previous year is in accordance with section 123 of the Act to the extent it applies to payment of dividend.

The interim dividend declared and paid by the Holding company and its subsidiary companies incorporated in India during the year and until the date of this audit report is in compliance accordance with Section 123 of the Act.

As stated in Note 43 to the consolidated financial statements, the respective Board of Directors of the Holding Company and its subsidiary companies incorporated in India have proposed final dividend for the year which is subject to the approval of the respective members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act to the extent it applies to declaration of dividend.

- f. Based on our examination which included test checks, and that performed by the respective auditor of the subsidiary company, which is a company incorporated in India whose financial statements have been audited under the Act, except for the instances mentioned below, the Holding Company and its subsidiary companies have used an accounting software for maintaining its books of accounts, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in respective software:
- (i) The feature of recording audit trail (edit log) facility was not enabled at the application layer of the primary accounting software used for maintaining books of accounts for the period 1 April 2023 to 18 October 2023.
  - (ii) In the absence of SOC 1 Type 2 report in relation to controls at a service organization for the primary accounting software used for maintaining books of accounts and accounting software relating to revenue process which are operated by third party service providers, we are unable to comment on whether the feature of recording audit trail (edit log) facility was enabled at the database level to log any direct data changes.
  - (iii) In the absence of SOC 1 Type 2 report in relation to controls at a service organization for the accounting software used for maintaining books of accounts relating to payroll process, which is operated by a third -party service provider, we are unable to comment on whether the audit trail feature of the said software was enabled and operated for the period 1 January 2024 to 31 March 2024.



Further, during the course of our audit, we and respective auditors of the subsidiary company did not come across any instance of the audit trail feature being tampered with, except for (ii) and (iii) above, for which we are unable to comment whether the audit trail feature has been tampered with. In case of (i), the question of audit trail being tampered with doesn't arise since audit trail (edit log) facility was not enabled.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us and based on the reports of the statutory auditors of such subsidiary companies incorporated in India which were not audited by us, the remuneration payable during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration payable to any director by the Holding Company and its subsidiary companies is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Chartered Accountants

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

**Amrit Bhansali**

Partner

Place: Mumbai

Date: 07 May 2024

Membership No.: 065155

ICAI UDIN:24065155BKEYNS2294

## **Annexure A to the Independent Auditor's Report on the Consolidated Financial Statements**

### **of Sonata Software Limited for the year ended 31 March 2024**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

(xxi) In our opinion and according to the information and explanations given to us, there are no qualifications or adverse remarks by the respective auditors in the Companies (Auditor's Report) Order, 2020 reports of the companies incorporated in India and included in the consolidated financial statements.

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

Chartered Accountants

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

**Amrit Bhansali**

Partner

Place: Mumbai

Date: 07 May 2024

Membership No.: 065155

ICAI UDIN:24065155BKEYNS2294

## **Annexure B to the Independent Auditor's Report on the consolidated financial statements of Sonata Software Limited for the year ended 31 March 2024**

### **Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

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

#### **Opinion**

In conjunction with our audit of the consolidated financial statements of Sonata Software Limited (hereinafter referred to as "the Holding Company") as of and for the year ended 31 March 2024, we have audited the internal financial controls with reference to financial statements of the Holding Company in which are included internal financial controls with reference to financial information of 10 branches and such companies incorporated in India under the Act which are its subsidiary companies, as of that date.

In our opinion and based on the consideration of report of the other auditors on internal financial controls with reference to financial statements of subsidiary company, as was audited by other auditors, the Holding Company and such companies incorporated in India which are its subsidiary companies, have, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's and Board of Directors' Responsibilities for Internal Financial Controls**

The respective Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the respective company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the relevant subsidiary company in terms of their report referred to in the Other Matter(s) paragraph below,

is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls with reference to financial statements.

### **Meaning of Internal Financial Controls with Reference to Financial Statements**

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

### **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to 1 subsidiary, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of this matter.

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

Chartered Accountants

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

**Amrit Bhansali**

Partner

Place: Mumbai

Date: 07 May 2024

Membership No.: 065155

ICAI UDIN:24065155BKEYNS2294

# Consolidated Balance Sheet

₹ in Lakhs

Particulars	Note	As at March 31, 2024	As at March 31, 2023
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	3	5,176	4,800
Right-of-use assets	38	8,097	8,281
Capital work-in-progress	4	-	82
Goodwill	5	111,346	109,837
Other intangible assets	6	42,481	50,309
Financial assets	7		
Investments	7.1	1,299	1,396
Other financial assets	7.2	3,823	4,192
Deferred tax assets (net)	19B	8,844	-
Income tax assets (net)	19A	25,941	14,935
Other non-current assets	8	348	348
<b>Total non-current assets</b>		<b>207,355</b>	<b>194,180</b>
<b>Current assets</b>			
Inventories	9	9,800	2,882
Financial assets	10		
Investments	10.1	23,208	20,580
Trade receivables	10.2	160,508	123,622
Cash and cash equivalents	10.3	53,602	41,740
Bank balances other than above	10.4	32,895	31,286
Other financial assets	10.5	5,459	1,406
Other current assets	11	22,085	17,459
Asset held-for-sale	40	-	2,533
<b>Total current assets</b>		<b>307,557</b>	<b>241,508</b>
<b>Total assets</b>		<b>514,912</b>	<b>435,688</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	12	2,775	1,387
Other equity	13	137,854	128,678
<b>Total Equity</b>		<b>140,629</b>	<b>130,065</b>
<b>LIABILITIES</b>			
Non-current liabilities			
Financial liabilities	14		
Borrowings	14.1	43,101	30,506
Lease liabilities	14.2	6,700	6,751
Other financial liabilities	14.3	2,757	44,964
Deferred tax liabilities (net)	19B	12,397	7,069
<b>Total non-current liabilities</b>		<b>64,955</b>	<b>89,290</b>
<b>Current liabilities</b>			
Financial liabilities	15		
Borrowings	15.1	24,329	18,852
Lease liabilities	15.2	2,416	2,941
Trade payables	15.3		
Total outstanding dues of micro enterprises and small enterprises		305	164
Total outstanding dues of creditors other than micro enterprises and small enterprises		141,290	129,323
Other financial liabilities	15.4	100,159	42,218
Other current liabilities	16	24,111	10,515
Provisions	17	3,698	3,106
Current tax liabilities (net)	18	13,020	9,214
<b>Total current liabilities</b>		<b>309,328</b>	<b>216,333</b>
<b>Total equity and liabilities</b>		<b>514,912</b>	<b>435,688</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 : Mumbai

Date : May 07, 2024

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

### Pradip P Shah

Chairman

### Jagannathan C N

Chief Financial Officer

### Mangal Krishnarao Kulkarni

Company Secretary

Place : Mumbai

Date : May 07, 2024

### Samir Dhir

Managing Director & CEO

### R Sathyanarayana

VP - Finance & Accounts

Place : Mumbai

Date : May 07, 2024



# Consolidated Statement of Profit and Loss

₹ in Lakhs

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from operations	20.1	861,306	744,912
Other income	20.2	12,555	7,082
<b>Total income</b>		<b>873,861</b>	<b>751,994</b>
<b>EXPENSES</b>			
Purchase of stock-in-trade (traded goods)	21.1	588,887	548,163
Changes in inventories of stock-in-trade	21.2	(6,918)	(2,589)
Employee benefits expense	22	133,456	93,311
Finance costs	23	8,501	1,854
Depreciation and amortization expense	3, 6 & 38	13,193	5,913
Other expenses	24	73,138	45,614
<b>Total expenses</b>		<b>810,257</b>	<b>692,266</b>
<b>Profit before exceptional item and tax</b>		<b>63,604</b>	<b>59,728</b>
<b>Exceptional item</b>			
Changes in fair value of contingent consideration payable	39	17,466	-
<b>Profit before tax</b>		<b>46,138</b>	<b>59,728</b>
<b>Tax expense</b>			
Current tax	19A	19,234	16,709
Deferred tax	19B	(3,946)	(2,171)
<b>Net tax expense</b>		<b>15,288</b>	<b>14,538</b>
<b>Profit for the year</b>		<b>30,850</b>	<b>45,190</b>
<b>Other comprehensive income</b>			
1. Items that will not be reclassified to profit/(loss)			
(a) Remeasurement of the defined benefit plans		256	(662)
(b) Income tax relating to items that will not be reclassified to profit/(loss)		(65)	162
		<b>191</b>	<b>(500)</b>
2. Items that will be reclassified to profit/(loss)			
(a) Exchange differences in translating the financial statements of foreign operations		171	873
(b) Fair value changes on derivatives designated as cash flow hedge, net		669	(3,539)
(c) Income tax relating to Items that will be reclassified to profit/(loss)		(211)	652
		629	(2,014)
<b>Total other comprehensive income for the year, net of tax</b>		<b>820</b>	<b>(2514)</b>
<b>Total comprehensive income for the year</b>		<b>31,670</b>	<b>42,676</b>
<b>Profit for the year attributable to:</b>			
Owners of the company		30,850	45,190
Non - controlling interest		-	-
		<b>30,850</b>	<b>45,190</b>
<b>Other Comprehensive Income for the year attributable to:</b>			
Owners of the company		820	(2,514)
Non - controlling interest		-	-
		<b>820</b>	<b>(2,514)</b>
<b>Total comprehensive income for the year attributable to:</b>			
Owners of the company		31,670	42,676
Non - controlling interest		-	-
		<b>31,670</b>	<b>42,676</b>
Earnings per share (on ₹ 1 per share)	42	11.12	16.29
Basic (₹)	42	11.10	16.29
Diluted (₹)			

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 : Mumbai

Date : May 07, 2024

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

**Pradip P Shah**

Chairman

**Jagannathan C N**

Chief Financial Officer

**Mangal Krishnarao Kulkarni**

Company Secretary

Place : Mumbai

Date : May 07, 2024

**Samir Dhir**

Managing Director & CEO

**R Sathyanarayana**

VP - Finance & Accounts

Place : Mumbai

Date : May 07, 2024

# Consolidated statement cash flows

₹ in Lakhs

Particulars	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	<b>46,138</b>	<b>59,728</b>
Adjustments for :		
Depreciation and amortization expense	13,193	5,913
Changes in fair value of contingent consideration	17,466	-
Finance costs	8,501	1,809
Impairment (gain)/loss recognised on trade receivable	2,347	628
Provisions/ liabilities no longer required written back	(5,450)	(465)
Interest Income	(3,423)	(2,643)
Net (gain) / loss on sale of property, plant and equipment / scrapped	41	25
Net (gain) on investments carried at fair value through profit and loss	(1,276)	(1,523)
Gain on termination of lease	(492)	(466)
Expenses on employee stock based compensation	383	679
Net unrealized foreign exchange (gain) / loss	(2,206)	(1,639)
<b>Operating profit before working capital changes</b>	<b>75,222</b>	<b>62,046</b>
Changes in operating assets and liabilities:		
Decrease/(Increase) in trade receivables	(38,789)	(31,258)
Decrease/(Increase) in inventories	(6,918)	(2,590)
Decrease/(increase) in other financial assets non-current	(160)	(397)
Decrease/(increase) in other financial assets current	(4,651)	(7,829)
Decrease/(increase) in other non-current assets	2	16
Decrease/(increase) in other current assets	(4,629)	(4,525)
Decrease/(increase) Asset held-for-sale	-	(2,533)
(Decrease)/Increase in trade payables	17,675	25,432
(Decrease)/increase in other financial liabilities non-current	2,083	(2,974)
(Decrease)/increase in other financial liabilities	-	6,785
(Decrease)/increase in other current liabilities	13,853	1,956
(Decrease)/increase in provisions	592	256
Net cash flow from / (used in) operations	54,280	44,385
Income taxes paid	(26,226)	(17,543)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>28,054</b>	<b>26,842</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment including intangible assets, capital-work-in progress	(2,539)	(4,105)
Proceeds from disposal of property, plant and equipment	2,547	(5)
Purchase of current investments	(572,319)	(499,637)
Payment in relation to business acquisition	(7,264)	(52,939)
Proceeds from sale of current investments	571,075	495,035

# Consolidated statement cash flows

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Investment in bank deposits	(255)	(27,691)
Interest received	3,324	3,808
Net cash flow from / (used in) from investing activities (B)	(5,431)	(85,534)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Payment of lease liabilities	(3,337)	(3,258)
Proceeds from short-term borrowings	9,756	14,733
Repayment of short-term borrowings	(7,900)	(14,512)
Repayment of term loan	(46,780)	-
Proceeds from long-term borrowings	62,183	45,128
Payment of dividend	(21,891)	(23,241)
Proceeds from issue of shares on exercise of ESOP	362	2
Interest paid	(3,243)	(177)
<b>Net cash flow from/ (used in) financing activities (C)</b>	<b>(10,850)</b>	<b>18,675</b>
<b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>	<b>11,773</b>	<b>(40,017)</b>
Opening cash and cash equivalents	41,740	73,369
Cash and cash equivalents on acquisition of subsidiaries during the year	-	8,759
Exchange difference on translation of foreign currency cash and cash equivalents	89	(371)
<b>Closing Cash and cash equivalents</b>	<b>53,602</b>	<b>41,740</b>
Cash and cash equivalents at the end of the period comprises:		
Cash on hand	1	2
Balances with banks		
In Current accounts	15,439	25,365
In EEFC accounts	1,072	1,002
In deposit accounts	37,090	15,371
	<b>53,602</b>	<b>41,740</b>

Refer note 38 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 : Mumbai

Date : May 07, 2024

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

**Pradip P Shah**

Chairman

**Jagannathan C N**

Chief Financial Officer

**Mangal Krishnarao Kulkarni**

Company Secretary

Place : Mumbai

Date : May 07, 2024

**Samir Dhir**

Managing Director & CEO

**R Sathyanarayana**

VP - Finance & Accounts

Place : Mumbai

Date : May 07, 2024

# Consolidated Statement of changes in equity

(a) Equity share capital

₹ in Lakhs

Particulars (Refer note 12)	As at March 31, 2024	As at March 31, 2023
Balance at the beginning of the year	1,387	1,039
Changes in equity share capital due to prior period errors	-	-
Restated balance at the beginning of the current reporting period	1,387	1,039
Changes in equity share capital during the year		
Shares issued on bonus issue	1,387	346
Shares issued on exercise of employee stock options	1	2
Balance at the end of the year	2,775	1,387

(b) Other equity

₹ in Lakhs

Particulars	Reserves and Surplus						Effective portion of cash flow hedges	Foreign currency translation reserve	Equity attributable to owners of the Company
	Securities premium Reserve	Capital Redemption Reserve	General reserve	ESOP Reserve	Retained Earnings	Remeasurement of the defined benefit plans			
Balance as at April 1, 2022	4,497	2,787	8,742	265	91,242	(1,615)	2,082	882	108,882
Profit for the year					45,190				45,190
Other comprehensive income, (net of tax)						(500)	(2,673)	658	(2,515)
<b>Total comprehensive income for the year</b>					45,190	(500)	(2,673)	658	42,675
Transactions with owners of the company									
Contributions and distributions									
Premium received on issue of shares on exercise of options	-								-
Employee stock compensation expense				679					679
Amount utilized for bonus issue	(346)								(346)
Payment of cash dividends					(23,212)				(23,212)
Balance as at March 31, 2023	4,151	2,787	8,742	944	113,220	(2,115)	(591)	1,540	128,678
Balance as at April 1, 2023	4,151	2,787	8,742	944	113,220	(2,115)	(591)	1,540	128,678
Profit for the year					30,850				30,850
Other comprehensive income, (net of tax)						191	501	128	820
<b>Total comprehensive income for the period</b>					30,850	191	501	128	31,670
Transactions with owners of the company									
Contributions and distributions									
Premium received on issue of shares on exercise of options	362								362
Employee stock compensation expense				383					383
Amount utilized for bonus issue	(1,387)								(1,387)
Payment of cash dividends					(21,852)				(21,852)
Balance as at March 31, 2024	3,126	2,787	8,742	1,327	122,218	(1,924)	(90)	1,668	137,854

Refer note 13 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

**Amrit Bhansali**

Partner

Membership No. 065155

Place : Mumbai

Date : May 07, 2024

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

**Pradip P Shah**

Chairman

**Jagannathan C N**

Chief Financial Officer

**Mangal Krishnarao Kulkarni**

Company Secretary

Place : Mumbai

Date : May 07, 2024

**Samir Dhir**

Managing Director & CEO

**R Sathyanarayana**

VP - Finance & Accounts

Place : Mumbai

Date : May 07, 2024

# Notes to the Consolidated financial statements

For the year ended March 31, 2024

## 1 COMPANY OVERVIEW

The Consolidated financial statements of Sonata Software Limited ("Sonata" or the "Company") includes Sonata Software Limited together with the subsidiaries Sonata Information Technology Limited, Sonata Software North America Inc., Sonata Software GmbH, Sonata Europe Limited, Sonata Software FZ-LLC (Closed w.e.f. May 19, 2023), Sonata Software (Qatar) LLC, Sonata Australia Pty Ltd, Sonata Software LLC, Sonata Software Solutions Limited, Sonata Software (Shanghai) Co., Ltd, GAPbuster Europe Limited, GAPbuster Inc., GAPbuster Limited, Sonata Software Worldwide Malaysia SDN. BHD., GAPbuster Worldwide Pty Limited, Sonata Software Japan KK, Encore Software Services, Inc., Encore IT Services Solutions Private Limited, Sonata Software Intercontinental Limited, Sonata Software Canada Limited, Sonata Latin America S. DE R.L. DE C.V., Quant Systems Inc., Quant Cloud Solutions Private Limited, Quant Systems CRC Inc Sociedad de Responsabilidad Limitada and Woodshed LLC, Sonata Software Malaysia SDN. BHD.

Sonata together with its subsidiaries are referred as the 'Group'.

The Group is primarily engaged in the business of providing Information Technology services and solutions and Sale of licenses to its customers in the United States of America, Europe, Middle East, Australia and India. The Company is a public limited company incorporated and domiciled in India with its registered office at Mumbai and operationally headquartered at Bengaluru. The Company is listed on The National Stock Exchange of India Limited and BSE Limited. The consolidated financial statements have been approved for issue by the Company's Board of Directors on May 07, 2024.

Material subsidiaries of the Company are:

- a) Sonata Information Technology Limited, in India through which it delivers both software development and consulting services and re-selling of product licenses of leading international software companies such as Microsoft, IBM, Oracle etc.;
- b) Sonata Software North America Inc., in USA through which it delivers software development and consulting services primarily to its clients in North America;
- c) Quant Systems Inc., in USA through which it delivers software solutions and deployment of IT applications primarily to its clients in USA; and
- d) Sonata Software Solutions Limited in India which is in the business of providing information technology services and solutions to its customers in the United States of America, Europe, Middle East and Australia

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

## 2 Material ACCOUNTING POLICIES

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

#### a. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and 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 consolidated financial statements.



## **b. Basis of measurement**

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

All amounts rounded off to the nearest Rs in Lakhs except per share data and unless otherwise indicated.

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

The preparation of the consolidated financial statements in conformity with Ind AS requires the management to make judgements, estimates and assumptions considered in the reported amounts

of assets and liabilities and disclosure relating to contingent liabilities as at the date of Consolidated financial statement and the reported amounts of income and expenditure during the reported year. Estimates and underlying assumptions are reviewed on a periodic basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods affected.

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

**i) Liability towards acquisition of businesses**

The contingent consideration representing liability towards acquisition of business is reassessed at every reporting date. Any increase or decrease in the probability of achievement of financial targets would impact the measurement of the liability. Appropriate changes in estimates are made when the Management becomes aware of the circumstances surrounding such estimates, [refer note 2.3 (r) for the accounting policy w.r.t re-measurement of contingent consideration payable at each reporting date]

**ii) Impairment testing**

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

**iii) Depreciation and amortisation**

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

**iv) Revenue recognition**

Refer note 2.3(k)(b)

**v) 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 Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group'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(q)(a).

**vi) Contingent liabilities**

Refer note-2.3(t).

**vii) Other estimates**

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

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

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

## 2.2 BASIS OF CONSOLIDATION

Sonata consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company, its controlled trusts and its group companies. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Companies in the Group are consolidated on a line-by-line basis and intra group balances and transactions including unrealized gain/loss from such transactions are eliminated upon consolidation. These consolidated financial statements are prepared by applying uniform accounting policies in use at the Group. Non controlling interests which represent part of the net profit or loss and net assets of subsidiaries that are not, directly or indirectly, owned or controlled by the Company, are excluded.

The list of subsidiary companies included in the consolidated financial statements is as under:

Name of the Entity	Country of Incorporation	% of ownership held as on March 31, 2024	% of ownership held as on March 31, 2023
Sonata Information Technology Limited	India	100%	100%
Sonata Software Solutions Limited	India	100%	100%
Sonata Software North America Inc.	USA	100%	100%
Sonata Europe Limited	UK	100%	100%
Sonata Software GmbH	Germany	100%	100%
Sonata Software (Qatar) LLC (Refer Note i below)	Qatar	49%	49%
Sonata Australia Pty Ltd	Australia	100%	100%
Sonata Software LLC,US (formerly known as Sopris Systems LLC)	USA	100%	100%
GAPbuster Limited	UK	100%	100%
GAPbuster Europe Limited	UK	100%	100%
GAPbuster Inc	USA	100%	100%
GAPbuster Worldwide Pty Limited	Malaysia	100%	100%
Sonata Software (Shanghai) Co., Ltd (formerly known as GAPbuster China Co. Limited)	China	100%	100%
Sonata Software Japan KK (formerly known as Kabushiki Kaisha Gapbuster Japan)	Japan	100%	100%
Sonata Software Worldwide Malaysia SDN. BHD. (formerly known as GAPbuster Worldwide Malaysia Sdn Bh)	Malaysia	100%	100%
Encore IT Services Solutions Private Limited	India	100%	100%
Encore Software Services, Inc.,	USA	100%	100%
Sonata Software Intercontinental Limited	Ireland	100%	100%
Sonata Software Canada Limited	Canada	100%	100%
Sonata Latin America S. DE R.L. DE C.V. (Refer Note ii below)	Mexico	100%	100%

Name of the Entity	Country of Incorporation	% of ownership held as on March 31, 2024	% of ownership held as on March 31, 2023
Quant Systems Inc. (Refer Note iii below)	USA	100%	100%
Quant Cloud Solutions Private Limited (Refer Note iii below)	India	100%	100%
Quant Systems CRC Inc Sociedad de Responsabilidad Limitada (Refer Note iii below)	Costa Rica	100%	100%
Woodshed LLC (Refer Note iii below)	USA	100%	100%
Sonata Software Malaysia SDN. BHD.(Refere note iv below)	Malaysia	100%	0%

**Notes:**

- i) In terms of the Memorandum and Articles of Association, the composition of the Board of Directors of Sonata Software (Qatar) LLC is controlled by the Company and hence it has been considered as subsidiary for the purpose of consolidation.
- ii) Sonata Latin America S. DE R.L. DE C.V. has been incorporated in Mexico with effect from May 05, 2022.
- iii) Sonata Software North America Inc., (SSNA) has acquired 100% stake in Quant Systems Inc., a Texas based company on March 10, 2023 and Quant Cloud Solutions Private Limited, Quant Systems CRC Inc Sociedad de Responsabilidad Limitada and Woodshed LLC subsidiary are subsidiaries of Quant Systems Inc., on March 10, 2023 (Refer note 39).
- iv) Sonata Software Malaysia SDN. BHD. is incorporated in Malaysia with effect from June 13, 2023.
- v) Sonata Software FZ LLC has been discontinued w.e.f 30th March, 2023.
- vi) 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.

**2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a. Property, plant and equipment**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset. 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 it 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 Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in the consolidated statement of profit and loss when incurred.

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

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

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

### c. Depreciation/ Amortisation

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

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

#### **Straight-line method**

<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>Percentage</b>
Furniture and fixtures	25.88%
Office equipments	45.07%
Vehicles	31.23%

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

### d. Intangible assets

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

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

Category	Useful Life
Computer software	3 years
Internally generated software	6 years
Intellectual property	7 - 9 years
Non compete	3 years
Vendor relationship	7 years
Customer relationship	5 - 11 years
Customer contracts	1 - 3 years
Brand Value	10 years



## **e. Financial Instruments**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Financial assets included within the FVTPL category are measured at fair values at each reporting date with all changes recorded in the consolidated statement of profit and loss.

## **Non-derivative financial liabilities**

### **Financial liabilities at amortised cost**

Financial liabilities at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method. For trade and other payable maturing within one year from the Balance Sheet date, the carrying value approximates fair value due to short maturity. The Group 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 Group. Under the arrangement, a bank agrees to pay amounts to a participating vendor in respect of invoices owed by the Group and receives settlement from the Group 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 Group to a bank before their due date. The Group 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 Group 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.

### **Financial liabilities at fair value through profit and loss (FVTPL)**

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

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

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

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

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

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

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

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

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

### **Offsetting financial instruments**

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

#### Derecognition of financial instruments

The Group 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 Group's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

### **Fair value measurement**

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

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

### **f. Employee benefits**

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

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

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

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

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

**Superannuation Fund:** Certain employees of the Group are participants in a defined contribution plan of superannuation. The Group has no further obligations to the plan beyond its monthly contributions which are periodically contributed to the Sonata Software Limited Superannuation Fund 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 Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

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

### **h. Income Taxes**

Income tax comprises current and deferred tax. Income tax expense is recognized in the consolidated statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

- a) **Current income tax** - Current income tax liability/ (asset) for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the year. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the year. The Group off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.
- b) **Deferred tax** - Deferred income tax is recognized using the Balance Sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

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

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

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

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

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 subsidiaries 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. Leases**

The Group's lease asset classes primarily consist of leases for land and buildings. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right 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 Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use 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 incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

**j. Cash flow statement:**

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

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 Group derives revenue primarily from information technology services and solutions. The Group recognizes revenue when it transfers control over a product or a service to a customer. The method for recognizing revenues and costs depends on the nature of the services rendered.

**a) Time and materials contracts**

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred. 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 Group applies the percentage of completion method in accounting for fixed price contracts. Use of the percentage of completion method requires the Group 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 Group does not have a sufficient basis to measure the progress of completion or to estimate the total contract revenues and costs, revenue is recognized only to the extent of contract cost incurred for which recoverability is probable.

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

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.

For allocating the transaction price, the Group 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 Group is unable to determine the standalone selling price, the Group uses the expected cost plus margin approach in estimating the standalone selling price. The performance obligation on fixed price development contracts is 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.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of services and future performance obligations.

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

Unsold licences are classified as inventory.

**d) Maintenance contracts**

Revenue from 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 Group 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 assets represent cost and earnings in excess of billings as at the end of the reporting period. Contract assets are classified as unbilled receivables (only where 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) represents billing in excess of revenue recognized.

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

#### **i. Government grants**

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

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

#### **m. Dividend**

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

#### **n. Foreign currency transactions and translations**

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

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

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

For the purposes of presenting the consolidated financial statements assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. 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 consolidated statement of profit or loss as part of the profit or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the exchange rate prevailing at the reporting date.

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

**o. Finance income and expense**

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

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

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the consolidated statement of profit and loss using the effective interest rate method.

**p. Share based payments**

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting year, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in standalone statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in the standalone statement of profit and loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

Employees of the Company receive remuneration in the form of cash settled share based transaction, for rendering services over a defined vesting period.

**q. Impairment**

**a) Financial assets**

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

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

ECL allowance (or reversal) is recognised as expense / income in the consolidated statement of profit and loss.

For financial guarantee contracts held by the Group that is not an integral element of another financial instrument, the Group accounts for such a financial guarantee contract as a prepayment of the guarantee premium and a compensate on right asset. Further, the Group 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 Group has presented the compensation right asset in the Statement of Profit and Loss in the same line item as allowance for expected credit loss.

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

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

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

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

## **r. Business combination, goodwill and intangible assets**

Business combinations other than through common control transactions are accounted for using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognized in the consolidated statement of profit and loss.

Business combinations through common control transactions are accounted using pooling of interests method.

Transaction costs incurred in connection with a business combination are expensed as incurred.

### **i) Goodwill**

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the excess is recognized as capital reserve after reassessing the fair values of the net assets. Goodwill is tested for impairment annually for current events or circumstances indicate that unused fair value of goodwill is than its carrying amount (based on facts such as business plan, future cash flow and economic condition).

### **ii) Intangible assets**

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. At each reporting period intangible assets are carried at cost less accumulated amortization and impairment losses, if any.

## **s. Earnings per share**

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



holders of the Company by the weighted average number of equity shares outstanding during the period.

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

**t. Contingent liabilities**

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

**u. Contingent assets**

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

**v. 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.

**v. Events after the reporting period**

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

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

**w. Asset held-for-sale**

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

**2.4 Recent pronouncements**

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	Buildings	Office equipments	Leasehold improvements	Furniture and fixtures	Plant and equipment	Vehicles	Total
<b>Cost</b>							
As at April 1, 2022	115	630	1,359	608	3,401	162	6,275
Acquisitions through business combinations	-	-	-	73	74	-	147
Additions	-	297	856	241	2,760	-	4,154
Disposal / write off	-	(104)	(1,042)	(132)	(1,337)	-	(2,615)
Translation adjustments	-	(8)	62	12	30	-	96
<b>As at March 31, 2023</b>	<b>115</b>	<b>815</b>	<b>1,235</b>	<b>802</b>	<b>4,928</b>	<b>162</b>	<b>8,057</b>
As at April 1, 2023	115	815	1,235	802	4,928	162	8,057
Additions	-	88	52	80	2,182	155	2,557
Disposal / write off	-	(37)	(27)	(64)	(238)	-	(366)
Translation adjustments	-	1	4	4	49	-	58
<b>As at March 31, 2024</b>	<b>115</b>	<b>867</b>	<b>1,264</b>	<b>822</b>	<b>6,921</b>	<b>317</b>	<b>10,306</b>
<b>Accumulated Depreciation</b>							
As at April 1, 2022	14	529	1,104	486	2,242	129	4,505
Acquisitions through business combinations	-	-	-	69	28	-	96
Depreciation for the year	2	90	230	21	808	10	1,161
Depreciation on disposal / write off	-	(103)	(1,042)	(117)	(1,332)	-	(2,594)
Translation adjustments	-	(10)	81	10	8	-	89
<b>As at March 31, 2023</b>	<b>16</b>	<b>506</b>	<b>373</b>	<b>469</b>	<b>1,754</b>	<b>139</b>	<b>3,257</b>
As at April 1, 2023	16	506	373	469	1,754	139	3,257
Depreciation for the year	2	134	310	76	1,603	25	2,150
Depreciation on disposal / write off	-	(33)	(17)	(57)	(204)	-	(311)
Translation adjustments	-	1	4	4	25	-	34
<b>As at March 31, 2024</b>	<b>18</b>	<b>608</b>	<b>670</b>	<b>492</b>	<b>3,178</b>	<b>164</b>	<b>5,130</b>
<b>Net carrying value</b>							
<b>As at March 31, 2024</b>	<b>97</b>	<b>258</b>	<b>595</b>	<b>330</b>	<b>3,743</b>	<b>153</b>	<b>5,176</b>
As at March 31, 2023	99	308	863	333	3,174	23	4,800

Refer note 14.1 for details of charge created on the property, plant and equipment.

#### The breakup for depreciation is given below:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Depreciation of property, plant and equipment	2,150	1,161
Depreciation of right of use assets (refer note 38)	2,567	2,458
Amortisation of Intangible assets (refer note 6)	8,476	2,294
<b>Total</b>	<b>13,193</b>	<b>5,913</b>

The additions of plant and equipments includes the transfer from capital work in progress of ₹ 82 Lakhs out of the balance as on March 31, 2023

## 4 - Capital work-in-progress

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	82	1
Additions	-	82
Transferred to plant and equipment	(82)	(1)
Closing balance	-	82

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

₹ in Lakhs

Particulars	CWIP For a period of				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
Projects in progress:					
As at March 31, 2024	-	-	-	-	-
As at March 31, 2023	82	-	-	-	82

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.

## 5 Goodwill

₹ in Lakhs

Particulars	
<b>Cost</b>	
As at April 1, 2022	24,365
Acquisitions through business combinations	86,223
Effect of foreign currency exchange differences	1,630
As at March 31, 2023	112,218
As at April 1, 2023	112,218
Effect of foreign currency exchange differences	1,481
As at March 31, 2024	113,699
<b>Accumulated Impairment</b>	
As at April 1, 2022	2,293
Effect of foreign currency exchange differences	88
As at March 31, 2023	2,381
As at April 1, 2023	2,381
Effect of foreign currency exchange differences	(28)
As at March 31, 2024	2,353
<b>Net carrying value</b>	
As at March 31, 2024	111,346
As at March 31, 2023	109,837

## Impairment

Assessment for impairment is done at each Balance Sheet date as to whether there is any indication that a non-financial asset may be impaired. Goodwill is subject to a review for impairment annually or more frequently if events or circumstances indicate that it is necessary. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets is considered as a cash generating unit. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

If any indication of impairment exists, an estimate of the recoverable amount of the individual asset/cash generating unit is made. Asset/cash generating unit whose carrying value exceeds their recoverable amount are written down to the recoverable amount by recognising the impairment loss as an expense in the Consolidated Statement of Profit and Loss.

The impairment loss is allocated first to reduce the carrying amount of goodwill (if any) allocated to the cash generating unit and then to the other assets of the unit, pro rata based on the carrying amount of each asset in the unit. Recoverable amount is higher of an asset's or cash generating unit's value in use and its fair value less cost of disposal. Value in use is estimated future cash flows expected to arise from the continuing use of an asset or cash generating unit and from its disposal at the end of its useful life discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are considered. If no such transactions can be identified, an appropriate valuation model is used.

Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. Basis the assessment a reversal of an impairment loss for an asset other than goodwill is recognised in the consolidated statement of profit and loss.

No impairment was identified in FY 2023-24 (FY 2022-23: Nil)

### Allocation of goodwill to cash generating units:

The group has identified the acquired businesses as CGUs that is Quant Systems Inc., Encore Software Services, Inc., GAPbuster Limited, Sopris Systems, LLC, Sonata Australia Pty Ltd., Interactive Business Information Systems Inc., Halosys Technologies Inc., Rezopia Inc. and Xyka software Private Limited

Goodwill has been allocated for impairment testing purposes to the following cash-generating units:

₹ in Lakhs

Cash generating units	March 31, 2024	March 31, 2023
Xyka Software Private Limited.	282	282
Rezopia Inc.	1,005	991
Halosys Technologies Inc.	2,561	2,523
Interective Business Information Systems Inc.	6,411	6,316
Sonata Australia Pty Ltd	2,004	2,038
Sopris Systems, LLC	2,484	2,447
GAPbuster Limited	2,056	2,091
Encore Software Services, Inc.	6,827	6,726
Quant Systems Inc.	87,716	86,423
<b>Total</b>	<b>111,346</b>	<b>109,837</b>

At the end of each reporting period presented, the recoverable amount of a CGU is higher of its fair value less cost to sell and its value-in-use. The value in use determined based on the specific calculations. These calculations are based on net present value of cash flow projections over a period of five years discounted at the rate of 18% -26.5% (FY 2021-22 18%-23.5%), pre-tax, which is arrived after consulting the valuation experts. The Group has considered steady growth rate of 15% to 18% YOY from FY 2023-24 onwards (FY 2022-23 2.5% to 18% YOY). The discount rate used in the calculation reflects market's assessment of these risks specific to the asset as well as time value of money. EBITDA margins considered in the projections are based on international services and for FY 2023-24 onwards it is taken at 10% to 47% (FY 2022-23 7% to 22%) based on financial budgets approved by management.

The cash flow projections included specific estimates for five years and a terminal growth rate thereafter at 2% (FY 2022-23 2%). The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The future cash flow projections consider potential risks associated with current economic environment and key assumptions such as volume forecasts and margins.

The projections cover a period of five years, as the Group believes this to be the most appropriate timescale over which to review and consider annual performances before applying a fixed terminal value multiple to the final year cash flows. The growth rates and segmental margins used to estimate cash flows for the first five years are based on past performance, and on the Group's strategic plans.

The Group has performed sensitivity analysis around the base assumptions and has concluded that there are no reasonably possible changes to key assumptions that would cause the carrying amount of a CGU to exceed its recoverable amount.

As at March 31, 2024, the estimated recoverable amount of the CGU exceeded its carrying amount, hence impairment is not required.



## 6 Other Intangible assets

₹ in Lakhs

Intangible assets									
Particulars	Computer software - purchased	Internally generated software	Intellectual property	Non compete	Vendor relationship	Customer relationship	Customer contracts	Brand value	Total
<b>Cost</b>									
As at April 1, 2022	34	2,076	655	316	1,081	5,883	2,237	387	12,669
Acquisitions through business combinations	-	-	-	-	-	38,039	5,853	-	43,892
Additions	18	-	-	-	-	-	-	-	18
Disposal / write off	-	-	-	-	-	-	-	-	-
Translation adjustments	(19)	-	-	-	-	-	-	-	(19)
As at March 31, 2023	33	2,076	655	316	1,081	43,922	8,090	387	56,560
As at April 1, 2023	33	2,076	655	316	1,081	43,922	8,090	387	56,560
Additions	19	-	-	-	-	-	-	-	19
Disposal / write off	-	-	-	-	-	-	-	-	-
Translation adjustments	1	-	-	-	-	-	-	-	1
As at March 31, 2024	53	2,076	655	316	1,081	43,922	8,090	387	56,580
<b>Accumulated amortization</b>									
As at April 1, 2022	32	816	322	198	966	998	1,025	22	4,379
Acquisitions through business combinations	-	-	-	-	-	-	-	-	-
Amortization for the year	(17)	307	67	112	123	922	735	45	2,294
Amortization on disposal / write off	(1)	-	-	-	-	-	-	-	(1)
Translation adjustments	2	39	5	6	(8)	(371)	(105)	11	(421)
As at March 31, 2023	16	1,162	394	316	1,081	1,549	1,655	78	6,251
As at April 1, 2023	16	1,162	394	316	1,081	1,549	1,655	78	6,251
Amortization for the year	6	304	67	-	-	4,245	3,810	44	8,476
Amortization on disposal / write off	-	-	-	-	-	-	-	-	-
Translation adjustments	-	14	3	0	-	(581)	(69)	5	(628)
As at March 31, 2024	22	1,480	464	316	1,081	5,213	5,396	127	14,099
<b>Net carrying value</b>									
As at March 31, 2024	31	596	191	-	-	38,709	2,694	260	42,481
As at March 31, 2023	17	914	261	-	-	42,373	6,435	309	50,309
Estimated useful life (in years)	3	6	7-9	3	7	5-11	1-3	10	
Estimated remaining useful life (in years)	0-3	2	1-4	-	-	1-10	0-1	6	

## Non-current

### 7.1 Investments

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Equity instruments carried at fair value (quoted) through profit &amp; loss</b>		
138 shares of US \$ 0.01 per share of Principal Financial Group Inc., (As at March 31, 2023 : 138 Shares of US \$ 0.01 per share)	10	8
<b>Equity instruments carried at fair value (unquoted) through OCI</b>		
Investment in simple agreement for future equity - Retail 10X, Inc.	709	698
Investment in SemiCab, Inc.	292	288
Investment in Treeni Sustainability Solutions Inc.	250	247
<b>Investments carried at fair value through profit &amp; loss:</b>		
Investments in PSU Bonds (quoted)	38	155
<b>Total</b>	<b>1,299</b>	<b>1,396</b>
Aggregate amount of quoted investments	48	163
Aggregate market value of quoted investment	48	163
Aggregate carrying amount of unquoted investments	1,251	1,233
Investments carried at amortised cost	38	155
Investments carried at fair value through profit & loss	10	8
Investments carried at fair value through other comprehensive income	1,251	1,233

### 7.2. Other financial assets (Carried at amortised cost, unless otherwise stated)

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Balance held as margin money or security against borrowings*	1,813	2,342
Security deposits	1,916	1,850
Other assets	94	-
<b>Total</b>	<b>3,823</b>	<b>4,192</b>

\* Held as margin money by bank against bank guarantees

## 8 Other non-current Assets

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good unless otherwise stated		
Other deposits	17	12
Prepaid expenses	92	96
Balances with government authorities		
Receivable from customs authority	219	219
Receivable from GST authority	3	2
Other recoverables	17	19
<b>Total</b>	<b>348</b>	<b>348</b>

## Current

### 9 Inventories

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Stock-in-trade - Hardware/Software products and licenses	9,800	2,882
<b>Total</b>	<b>9,800</b>	<b>2,882</b>

### 10.1 Investments

Particulars	As at March 2024		As at March 2023	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
<b>Investments carried at fair value through profit and loss:</b>				
<b>Investments in mutual funds (quoted)</b>				
Aditya Birla Sunlife Overnight Fund - Growth Direct Plan	642,401	2,503	-	-
Axis Overnight Fund Direct Growth	237,722	3,011	-	-
ICICI Prudential short term Fund - Growth Option		-	1,137,375	575
Axis Liquid Fund - Direct Plan - Growth Option		-	113,303	2,834
IDFC G - Sec Investment Fund		-	1,333,916	419
Nippon India Quarterly Interval Fund - Series II - Direct Plan Growth Plan - Growth		-	3,282,205	1,028
ICICI Prudential Liquid Fund - Direct Growth		-	697,253	2,323
Aditya Birla Sunlife Liquid Fund - Growth Direct Plan		-	800,272	2,906
UTI Liquid Fund Direct Growth		-	32,747	1,208
SBI Liquid Fund	52,991	2,003	25,849	911
Edelweiss Liquid fund	64,221	2,003	-	-
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
Mirae Asset Fixed Maturity Plan SR V Plan-1 -Growth		-	20,015,775	2,020

Particulars	As at March 2024		As at March 2023	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
Mirae Asset Fixed Maturity Plan SR V Plan-2 -91 days Growth		-	4,999,750	502
Tata Liquid Fund- Direct Plan-Growth Option		-	20,203	718
HSBC overnight fund	8,072	101	-	-
HSBC Cash Fund -Growth Direct		-	85,459	1,916
Axis Money Market Fund Direct		-	4,374	53
HSBC EURO Liquidity class	19,806	17	-	-
HSBC US treasury money market funds	5,907,963	8,384		-
Investment in Edward Jones		734		684
<b>Investments carried at amortised cost:</b>				
<b>Investments in PSU Bonds (quoted)</b>				
<b>Investments in PSU Bonds</b>		119		62
<b>Investments in bonds (Quoted)</b>				
8.6179% Cholamandalam Investment & Finance bonds (400 bonds of ₹ 10,00,000 each)	400	4,333	-	-
<b>Total</b>		<b>23,208</b>		<b>20,580</b>
Aggregate amount of quoted investments		23,208		20,580
Aggregate market value of quoted investment		23,208		20,580
Investments carried at amortised cost		4,452		62
Investments carried at fair value through profit or loss		18,756		20,518

## 10.2 Trade receivables (Carried at amortised cost, unless otherwise stated)

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured		
Billed		
Considered good	135,382	114,741
Trade receivables - credit impaired	5,589	2,307
	140,971	117,048
Less : Allowances for credit losses	5,589	2,307
	135,382	114,741
Unbilled	25,126	8,881
<b>Total</b>	<b>160,508</b>	<b>123,622</b>

Information about the Group's exposure to credit, liquidity, market risks, and impairment losses for trade receivables are included in Note 30

### Trade receivable ageing schedule:

₹ in Lakhs

Particulars	Outstanding for the following period from due date of payments						Total
	Not due	Less than 6 months	6 months- 1 year	1-2 years	2-3 years	More than 3 years	
<b>As at March 31, 2024</b>							
Undisputed trade receivables - considered good	111,897	19,273	3,482	594	82	54	135,382
Undisputed Trade receivables - credit impaired	1,042	1,276	1,744	1,052	464	11	5,589
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Less : Allowance for credit losses	(1,042)	(1,276)	(1,744)	(1,052)	(464)	(11)	(5,589)
Unbilled	25,126	-	-	-	-	-	25,126
<b>Total</b>	<b>137,023</b>	<b>19,273</b>	<b>3,482</b>	<b>594</b>	<b>82</b>	<b>54</b>	<b>160,508</b>
<b>As at March 31, 2023</b>							
Undisputed trade receivables - considered good	92,103	20,965	718	955	-	-	114,741
Undisputed Trade receivables - credit impaired	175	49	822	1,005	-	256	2,307
Disputed trade receivables - considered good	-	-	-	-	-	-	-
Less : Allowance for credit losses	(175)	(49)	(822)	(1,005)	-	(256)	(2,307)
Unbilled	8,881	-	-	-	-	-	8,881
<b>Total</b>	<b>100,984</b>	<b>20,965</b>	<b>718</b>	<b>955</b>	<b>-</b>	<b>-</b>	<b>123,622</b>

### 10.3 Cash and cash equivalents

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks		
In current accounts	15,439	25,365
In EEFC accounts	1,072	1,002
In deposit accounts with original maturity of less than three months*	37,090	15,371
Cash on hand	1	2
<b>Total</b>	<b>53,602</b>	<b>41,740</b>

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



## 10.4. Bank balances other than above

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Bank deposits with original maturity of more than three months but less than 12 months	32,212	30,693
In earmarked accounts		
Balance held as margin money or security against borrowings*	272	144
Unpaid dividend account	411	449
<b>Total</b>	<b>32,895</b>	<b>31,286</b>

\* Held as margin money by bank against bank guarantees

## 10.5. Other financial assets (Carried at amortised cost, unless otherwise stated)

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Security deposits	220	323
Interest accrued but not due on fixed deposits/margin money	-	758
Compensation right asset	4,224	-
Fair value of forward contracts (Refer note 29 & 30)	485	325
Other assets	530	-
<b>Total</b>	<b>5,459</b>	<b>1,406</b>

Information about the Group's exposure to credit, liquidity and market risks for other financial assets are included in Note 30

## 11 Other current assets

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Unsecured, considered good		
Contract assets (Refer note 25)	10,692	10,212
Other deposits	123	91
Advances to employees	203	126
Prepaid expenses	5,900	1,669
Balances with government authorities		
VAT credit receivable	131	81
GST credit receivable	2,558	2,833
Other recoverables	2,478	2,447
<b>Total</b>	<b>22,085</b>	<b>17,459</b>

## 12 Equity share capital

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Authorized		
500,000,000 equity shares of face value ₹ 1/- each	5,000	1,500
(As at March 31, 2023 : 150,000,000 equity shares of face value ₹ 1/- each)		
Issued		
280,424,816 equity shares of face value ₹ 1/- each fully paid-up	2,804	1,402
(As at March 31, 2023 : 140,212,408 equity shares of face value ₹ 1/- each)		
Subscribed and paid-up		
277,552,476 equity shares of face value ₹ 1/- each fully paid-up*	2,775	1,387
(As at March 31, 2023 : 138,704,906 equity shares of face value ₹ 1/- each)		
Out of issued capital, 2,872,340 (As at March 31, 2023 - 1,507,502) shares are held by Sonata Software Limited Employee Welfare Trust		
2,872,340 equity shares (treasury) held by trust of face value ₹ 1/- each	29	15
(As at March 31, 2023 : 1,507,502 equity shares (treasury) of face value ₹ 1/- each)		

\*The outstanding equity shares as at March 31, 2024 and March 31, 2023 are presented net of treasury shares.

Refer notes (i) to (vii) below

Notes :

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	₹ in Lakhs		₹ in Lakhs	
<b>Equity shares with voting rights</b>				
Number of shares outstanding at the beginning of the year	138,704,906	1,387	103,920,181	1,039
Add: Share issued on exercise of employee stock options before bonus issue (Refer Note 33)	78,332	1	6,000	-
Add: Share issued on exercise of employee stock options after bonus issue (Refer Note 33)	-	-	136,664	2
Add: Bonus shares issued	138,769,238	1,387	34,642,061	346
<b>Number of shares outstanding at the end of the year</b>	<b>277,552,476</b>	<b>2,775</b>	<b>138,704,906</b>	<b>1,387</b>
Add: Number of treasury shares held by Sonata Software Limited Employee Welfare Trust (Shares issued for consideration other than cash)	2,872,340	29	1,507,502	15
<b>Number of issued shares outstanding at the end of the year</b>	<b>280,424,816</b>	<b>2,804</b>	<b>140,212,408</b>	<b>1,402</b>

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

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

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

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

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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares*	% of holding	No. of shares	% of holding
Hemendra M Kothari	25,599,986	9.13%	12,799,993	9.13%
Akshay Rajan Raheja	22,000,000	7.85%	11,000,000	7.85%
Viren Rajan Raheja	22,000,000	7.85%	11,000,000	7.85%
Suman R Raheja	18,400,000	6.56%	9,200,000	6.56%
HDFC Multi cap fund (formerly known as HDFC Small cap fund)	21,496,779	7.67%	11,432,645	8.15%

\* Due to issuance of bonus shares in December 2023 in the ratio of 1:1

iv) Details of shares held by each promoter

Particulars	No. of shares at the commencement of the year	Change during the year*	No. of shares at the end of the year	% of total shares	% change during the year
<b>For the year ended March 31, 2024</b>					
Akshay Rajan Raheja	11,000,000	11,000,000	22,000,000	7.85%	100.00%
Viren Rajan Raheja	11,000,000	11,000,000	22,000,000	7.85%	100.00%
Suman R Raheja	9,200,000	9,200,000	18,400,000	6.56%	100.00%
Rajan B Raheja	6,383,266	6,383,266	12,766,532	4.55%	100.00%
Globus Stores Private Limited #	1,914,665	1,914,665	3,829,330	1.37%	100.00%

\* Due to issuance of bonus shares in December 2023 in the ratio of 1:1

# During the year, Excelsior Construction Company Private Limited, Fantasia Enterprises Private Limited, Siena Traders Private Limited are merged with Globus Stores Private Limited

Particulars	No. of shares at the commencement of the year	Change during the year*	No. of shares at the end of the year	% of total shares	% change during the year
<b>For the year ended March 31, 2023</b>					
Akshay Rajan Raheja	8,250,000	2,750,000	11,000,000	7.85%	33.33%
Viren Rajan Raheja	8,250,000	2,750,000	11,000,000	7.85%	33.33%
Suman R Raheja	6,900,000	2,300,000	9,200,000	6.56%	33.33%
Rajan B Raheja	4,787,450	1,595,816	6,383,266	4.55%	33.33%
Excelsior Construction Company Private Limited	1,150,000	383,333	1,533,333	1.09%	33.33%
Fantasia Enterprises Private Limited	143,000	47,666	190,666	0.14%	33.33%
Siena Traders Private Limited	143,000	47,666	190,666	0.14%	33.33%

\* Due to issuance of bonus shares in September 2022 in the ratio of 1:3

(v) Equity shares movement during the 5 years preceding March 31, 2024

Equity shares issued as bonus: The Company allotted 138,769,238 equity shares as fully paid up bonus shares in the ratio of 1:1, by capitalisation of securities premium amounting to 1,387 lakhs for the quarter ended September 30, 2023, pursuant to an ordinary resolution passed after taking the consent of shareholders through postal ballot.

(Equity shares issued as bonus: The Company allotted 34,642,061 equity shares as fully paid up bonus shares in the ratio of 1:3, by capitalisation of securities premium amounting to 346 lakhs for the quarter ended September 30, 2022, pursuant to an ordinary resolution passed after taking the consent of shareholders through postal ballot.)

The Company has not issued any shares for consideration other than cash or bought back during the period of five years immediately preceding the reporting date. Further, there are no bonus shares issued during the period of 5 years immediately preceding the reporting date, except as disclosed above. There are no shares reserved for issue under contracts or commitment for sale of shares or disinvestment

(vi) Treasury shares 2,872,340 equity shares (treasury) held by trust of face value ₹ 1/- each	₹ in Lakhs	₹ in Lakhs
(As at 31.03.2023 : 1,507,502 equity shares (treasury) of face value ₹ 1/- each)	29	15

(vii) Distribution of dividends

During the year ended March 31, 2024, the Company has incurred a net cash outflow ₹ 12,139 lakhs towards final dividend for fiscal 2023 and ₹ 9,713 lakhs towards interim dividend for fiscal 2024. (During the year ended March 31, 2023, the Company has incurred a net cash outflow ₹ 13,510 lakhs towards final dividend for fiscal 2022 and ₹ 9,702 lakhs towards interim dividend for fiscal 2023.)

## 13 Other equity

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Securities premium reserve</b>		
Opening balance	4,151	4,497
Premium received on issue of shares on exercise of options	362	-
Less: Amount utilized for bonus issue	1,387	346
<b>Closing balance</b>	<b>3,126</b>	<b>4,151</b>
Amount received on issue of shares in excess of the par value has been classified as security premium, net of utilisation.		
<b>Capital redemption reserve</b>	<b>2,787</b>	<b>2,787</b>
A statutory reserve created to the extent of sum equal to the nominal value of the share capital extinguished on buyback of company's own shares pursuant to section 69 of the Companies Act 2013.		
<b>General reserve</b>	<b>8,742</b>	<b>8,742</b>
This represents appropriation of profit by the Company.		
<b>Employee stock option reserve</b>		
Opening balance	944	265
Add: Employee share based payments (Refer note 33)	383	679
<b>Closing balance</b>	<b>1,327</b>	<b>944</b>
This represents value of equity-settled share based payment transaction with employees.		
<b>Retained earnings</b>		
Opening balance	113,220	91,242
Profit for the year	30,850	45,190
Less :		
Dividend paid	21,852	23,212
<b>Closing balance</b>	<b>122,218</b>	<b>113,220</b>

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
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	(2,115)	(1,615)
For the year (net of tax)	191	(500)
<b>Closing balance</b>	<b>(1,924)</b>	<b>(2,115)</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	(591)	2,082
For the year (net of tax)	501	(2,673)
<b>Closing balance</b>	<b>(90)</b>	<b>(591)</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>Foreign currency translation reserve</b>		
Opening balance	1,540	882
For the year (net of tax)	128	658
<b>Closing balance</b>	<b>1,668</b>	<b>1,540</b>
The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.		
<b>Total</b>	<b>137,854</b>	<b>128,678</b>

## 14 Non-current financial liabilities

### 14.1 Borrowings

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Term loan		
From banks - Secured*	43,101	30,506
<b>Total</b>	<b>43,101</b>	<b>30,506</b>

\*During the year the Group has availed US dollar loan secured by charge over tangible, intangible and current assets of Sonata Software North America Inc., USA, Encore Software Services, Inc. and Quant Systems Inc., USA. The loan is repayable in 16 quarterly installments commencing from June, 2024 till March, 2028 at an interest rate of 3-Month term SOFR+165bps.

(As at March 31, 2023, Secured by charge over tangible, intangible and current assets of Sonata Software North America Inc., USA and Quant Systems Inc., USA. The US dollar loan is repayable in ten quarterly installments at an interest rate of 1-Month term SOFR+140bps. This loan has been entirely repaid during the current year.)



## 14.2 Lease liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities (Refer Note 38)	6,700	6,751
<b>Total</b>	<b>6,700</b>	<b>6,751</b>

## 14.3. Other financial liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Payable for contingent consideration	-	43,182
Payable for deferred consideration	-	415
Other liabilities	2,757	1,367
<b>Total</b>	<b>2,757</b>	<b>44,964</b>

## 15 Current financial liabilities

### 15.1. Borrowings

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Secured loans from banks	19,449	14,688
Current portion of term loan (Refer note 14.1 for terms of repayment)	4	62
Bank overdrafts		
Unsecured loans	4,876	2,961
Banks <sup>1</sup>	-	1,141
Others <sup>2</sup>		
<b>Total</b>	<b>24,329</b>	<b>18,852</b>

<sup>1</sup>Vendor financing arrangement is entered with the bank where INR 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.

<sup>2</sup> Paycheck protection program loan (US dollar) received from Small Business administration, US Treasury

### 15.2. Lease liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities (Refer note 38)	2,416	2,941
<b>Total</b>	<b>2,416</b>	<b>2,941</b>

### 15.3. Trade payables

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 28)	305	164
Total outstanding dues of creditors other than micro enterprises and small enterprises	141,290	129,323
<b>Total</b>	<b>141,595</b>	<b>129,487</b>

Information about the Group's exposure to credit, liquidity and market risks for trade payables are included in Note 30

#### 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>(i) As at March 31, 2024</b>							
Total outstanding dues of micro enterprises and small enterprises (Refer note 28)	-	208	97	-	-	-	305
Total outstanding dues of creditors other than micro enterprises and small enterprises	47,754	73,976	13,079	5,160	622	699	141,290
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>47,754</b>	<b>74,184</b>	<b>13,176</b>	<b>5,160</b>	<b>622</b>	<b>699</b>	<b>141,595</b>
<b>(ii) As at March 31, 2023</b>							
Total outstanding dues of micro enterprises and small enterprises (Refer note 28)	-	164	-	-	-	-	164
Total outstanding dues of creditors other than micro enterprises and small enterprises	11,889	86,386	30,569	-	80	399	129,323
Disputed dues of micro enterprises and small enterprises	-	-	-	-	-	-	-
Disputed dues of creditors other than micro enterprises and small enterprises	-	-	-	-	-	-	-
<b>Total</b>	<b>11,889</b>	<b>86,550</b>	<b>30,569</b>	<b>-</b>	<b>80</b>	<b>399</b>	<b>129,487</b>

## 15.4. Other financial liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Interest accrued but not due on borrowings	51	141
Interest accrued and due on borrowings	-	1
Unpaid dividends	410	449
Payable on acquisition of property, plant and equipment	161	207
Fair value of forward contracts (Refer note 29 & 30)	584	1,439
Payable for contingent consideration (Refer note 39)	51,579	39,979
Payable for deferred consideration (Refer note 39)	47,371	-
Other liabilities	3	2
<b>Total</b>	<b>100,159</b>	<b>42,218</b>

Information about the Group's exposure to credit, liquidity and market risks for other financial liabilities are included in Note 30

## 16 Other current liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Contract liabilities (Refer note 25)	16,664	3,545
Gratuity payable (net) (Refer note 32)	237	728
Other payables		
Statutory remittances	4,996	4,853
Advances from customers	1,821	1,050
Other liabilities	393	339
<b>Total</b>	<b>24,111</b>	<b>10,515</b>

## 17. Provisions

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits		
Compensated absences (Refer note 32)	3,698	3,106
<b>Total</b>	<b>3,698</b>	<b>3,106</b>

## 18. Current tax liabilities (net)

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for tax (net of advance tax ₹ 34,339 (for March 31, 2023 ₹ 29,897))	13,020	9,214
<b>Total</b>	<b>13,020</b>	<b>9,214</b>

## 19A Income taxes

The income tax asset is ₹ 25,941 Lakhs (net of provision for tax of ₹ 73,299 Lakhs) as at March 31, 2024 and ₹ 14,935 Lakhs (net of provision for tax of ₹ 62,040 Lakhs) as at March 31, 2023

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>A. Current taxes</b>		
(a) Income tax expense in the statement of profit and loss consists of:		
Current Tax:		
In respect of current year	19,234	16,709
Deferred Tax		
In respect of current year	(3,946)	(2,171)
Total Income tax expense recognised in the consolidated statement of profit and loss	15,288	14,538
(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	65	(162)
Net loss / (gain) on translation of foreign operations	43	214
Net loss / (gain) on fair value changes on cash flow hedges	168	(866)
<b>Total</b>	<b>276</b>	<b>(814)</b>
The reconciliation between the provision of income tax of the Group and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows:		
Profit before tax	46,138	59,728
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	11,612	15,032
Effect of:		
Income exempt from tax	(1,855)	(2,527)
Expenses that are not deductible in determining taxable profit	4,650	872
Items that are deductible in determining taxable profit	(616)	156
Income not taxable as per income tax	(83)	(31)
Provision for tax relating to prior years	612	(29)
Different tax rates of Subsidiaries operating in other jurisdictions	897	987
Others	71	78
<b>Income tax expense recognised in the consolidated statement of profit and loss</b>	<b>15,288</b>	<b>14,538</b>

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.

On September 20, 2019, the Government of India, vide the Taxation Laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Corporate Tax at reduced rate effective April 01 2019, subject to certain conditions. The Company including its subsidiary incorporated in India has completed its evaluation and has opted to pay tax at the reduced rate.

The group is having a unit in Bengaluru registered as Special Economic Zone (SEZ) unit, which is entitled to a tax holiday under Section 10AA of the Income Tax Act, 1961. Under the Income-tax Act, 1961, the unit in Bengaluru is liable to pay Minimum Alternate Tax (MAT) in the tax holiday period. MAT paid can be carried forward for a period of 15 years and can be set off against the future tax liabilities. MAT is recognised as a deferred tax asset only when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised

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

## 19B Deferred taxes

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	Others*	As at March 31, 2024
Property, plant and equipment	724	(165)	-	-	559
Allowances for credit losses	476	(203)	-	-	273
Net gain or loss on fair value of mutual funds	(12)	8	-	-	(4)
Defined benefit plans	556	-	(65)	-	491
Translation of foreign operations	(698)	-	(43)	-	(741)
Fair value changes on cash flow hedges	632	-	(168)	-	464
MAT credit entitlement	2,129	1,287	-	-	3,416
Right of use assets	-	167	-	-	167
Others, including employee and other payables	3,784	435	-	-	4,219
<b>Gross deferred tax assets (A)</b>	<b>7,591</b>	<b>1,529</b>	<b>(276)</b>	<b>-</b>	<b>8,844</b>
Deferred tax liabilities					
Intangible assets	(13,221)	2,291	-	(154)	(11,084)
Others, including employee and other payables	(1,439)	126	-	-	(1,313)
<b>Gross deferred tax liabilities (B)</b>	<b>(14,660)</b>	<b>2,263</b>	<b>-</b>	<b>-</b>	<b>(12,397)</b>
<b>Net deferred tax liabilities</b>	<b>(7,069)</b>	<b>3,946</b>	<b>(276)</b>	<b>(154)</b>	<b>(3,553)</b>

\* Others include foreign exchange gains/losses



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	Others	As at March 31, 2023
Property, plant and equipment	766	(43)	-	1	724
Allowances for credit losses	319	181	-	(24)	476
Net gain or loss on fair value of mutual funds	(23)	11	-	-	(12)
Defined benefit plans	394	-	162	-	556
Translation of foreign operations	(484)	-	(214)	-	(698)
"Fair value changes on derivatives designated as cash flow hedges"	(234)	-	866	-	632
MAT credit entitlement	609	1,520	-	-	2,129
Others, including employee and other payables	3,258	526	-	-	3,784
<b>Gross deferred tax assets (A)</b>	<b>4,605</b>	<b>2,195</b>	<b>814</b>	<b>(23)</b>	<b>7,591</b>
Deferred tax liabilities					
Intangible assets*	(1,992)	622	-	(11,851)	(13,221)
Others, including employee and other payables	-	(646)	-	(793)	(1,439)
<b>Gross deferred tax liabilities (B)</b>	<b>(1,992)</b>	<b>(24)</b>	<b>-</b>	<b>(12,644)</b>	<b>(14,660)</b>
<b>Net deferred tax liabilities</b>	<b>2,613</b>	<b>2,171</b>	<b>814</b>	<b>(12,667)</b>	<b>(7,069)</b>

\*Deferred tax liabilities on intangible assets and 'others' is due to acquisition during the year. Refer Note 39 for details.

Deferred income tax liabilities have not been recognized on temporary differences amounting to ₹ 5,030 lakhs and ₹ 4,288 lakhs as at March 31, 2024 and March 31, 2023, respectively, associated with investments in subsidiaries as the Company is able to control the timing of reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets has not been recognised on accumulated long term capital loss of ₹ 1,067 Lakhs and ₹ 1,423 Lakhs as at March 31, 2024 and March 31, 2023 respectively as it is not probable that taxable profit will be available against which the unused tax losses can be utilised in foreseeable future.

Unused tax losses (long term capital loss) which expire in various years are given below:

₹ in Lakhs

Particulars	As at March 31, 2024		As at March 31, 2023	
	Unabsorbed loss	Deferred tax	Unabsorbed loss	Deferred tax
-AY 2024-25	105	12	461	53
-AY 2025-26	962	110	963	100
<b>Total</b>	<b>1,067</b>	<b>122</b>	<b>1,424</b>	<b>153</b>

## 20.1 Revenue from operations (Refer note no 25)

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Sale of hardware/software product and licenses	612,944	571,155
Software services	248,051	173,529
Other operating revenues	311	228
<b>Total</b>	<b>861,306</b>	<b>744,912</b>

## 20.2 Other income

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest income*	3,369	2,572
Net gain on investments carried at fair value through profit or loss	1,276	1,523
Net gain on derivatives carried at fair value through profit or loss	1,117	(210)
Net foreign exchange gain	522	1,846
Provisions/liabilities no longer required written back	5,450	465
Commission	8	-
Gain on termination of lease	492	466
Interest income on income tax refund	54	71
Miscellaneous income	267	349
<b>Total</b>	<b>12,555</b>	<b>7,082</b>
<b>*Interest income comprise:</b>		
Interest on bank balances and bank deposits	3,345	2,557
Interest on financial assets carried at amortised cost	14	1
Interest on financial assets carried at fair value through profit or loss	10	14

<b>*Interest income comprise:</b>		
Interest on bank balances and bank deposits	3,345	2,557
Interest on financial assets carried at amortised cost	14	1
Interest on financial assets carried at fair value through profit or loss	10	14

## 21.1 Purchase of stock-in-trade (traded goods)

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchase of stock-in-trade (traded goods)	588,887	548,163
<b>Total</b>	<b>588,887</b>	<b>548,163</b>

## 21.2 Changes in inventories of stock-in-trade

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Stock		
Stock-in-trade - Hardware/Software product and licenses	2,882	293
	2,882	293
Closing Stock		
Stock-in-trade - Hardware/Software product and licenses	9,800	2,882
	9,800	2,882
<b>(Increase) / decrease in inventories</b>	<b>(6,918)</b>	<b>(2,589)</b>

## 22 Employee benefits expense

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Salaries, wages and bonus	123,817	86,299
Contribution to provident and other funds (Refer Note 32)	6,691	5,059
Share based payments to employees (Refer Note 33)	379	572
Gratuity (Unfunded)	-	1
Staff welfare expenses	2,569	1,380
<b>Total</b>	<b>133,456</b>	<b>93,311</b>

## 23 Finance costs

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Interest expense on financial liabilities measured at amortised cost:		
Borrowings	3,044	200
Lease liability (Refer Note 38)	871	1,095
Unwinding contingent consideration (Refer note 29)	4,353	397
Others	129	45
Other borrowing costs	104	117
<b>Total</b>	<b>8,501</b>	<b>1,854</b>

## 24 Other expenses

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Power and fuel	478	405
Rent (Refer note 38)	758	720
Repairs and maintenance - Buildings	17	5
Repairs and maintenance - Machinery	272	283
Insurance	1,590	1,439
Rates and taxes	1,222	831
Communication cost	1,017	971
Facility maintenance	865	798
Travelling and conveyance expenses	2,829	2,418
Sales commission	1,618	(221)
Professional and technical fees	7,747	8,672
Legal fees	426	473
Recruitment	1,639	1,504
Insourcing professional fees	44,489	22,195
Expenditure on corporate social responsibility (Refer note 41)	684	720
Software license fees	1,831	1,171
Payments to auditors (refer note below)	186	136
Net loss on property, plant and equipment sold / scrapped	41	25
Impairment loss/(gain) recognised on trade receivable	2,347	628
Miscellaneous expenses	3,082	2,441
<b>Total</b>	<b>73,138</b>	<b>45,614</b>
<b>Note: Payment to auditors comprises (net of input tax credit):</b>		
Remuneration to statutory auditors for audit of Company and its subsidiaries	125	125
Remuneration to statutory auditors for other services	52	4
Reimbursement of expenses	9	7
	<b>186</b>	<b>136</b>

## 25 Revenue from operations

### Disaggregate revenue information

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

₹ in Lakhs

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	India	Other than India	India	Other than India
Revenue from software services				
Time and Material	5,489	81,851	6,259	94,891
Fixed price	3,651	157,371	10,064	62,543
Revenue from software product and licenses at a point in time	480,322	132,622	469,712	101,443
<b>Total</b>	<b>489,462</b>	<b>371,844</b>	<b>486,035</b>	<b>258,877</b>

### Trade receivables and Contract balances

Trade receivable and unbilled revenues are presented net of impairment in the consolidated balance sheet.

### Contract assets

The below table discloses the movement in the balance of contract assets:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance as at beginning of the year	10,212	385
Amount accrued during the year	16,097	16,744
Deduction on account of revenues billed during the year	(15,617)	(6,917)
<b>Balance as at end of the year</b>	<b>10,692</b>	<b>10,212</b>

### Contract liabilities

The below table discloses the movement in the balance of contract liabilities:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance as at beginning of the year	3,545	2,336
Additional amounts billed but not recognized as revenue	68,112	21,064
Deduction on account of revenues reconized during the year	(55,025)	(20,178)
Translation exchange differences	32	323
<b>Balance as at end of the year</b>	<b>16,664</b>	<b>3,545</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 Group expects to

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

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2024, other than those meeting the exclusion criteria mentioned above, is ₹ 69,629 lakhs. The Company expects to recognize the revenue within the next one year is ₹ 15,774 lakhs . This includes contracts that can be terminated for convenience without a substantive penalty since, based on current assessment, the occurrence of the same is expected to be remote.

## 26 Contingent Liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
<b>a) Guarantees</b>		
The Company has given corporate guarantees to certain suppliers of Sonata Information Technology Limited (SITL) and Sonata Software North America Inc. (SSNA).	33,860	39,531
<b>Claims against the Group not acknowledged as debt.</b>		
<b>b) Disputed demand of Service tax</b>		
(i) The demand for payment of service tax for the period from FY 2006-07 to FY 2012-13 on services received and consumed by UK branch of the company and a subsidiary company at USA, treating it as import of service, wrong availment of cenvat credit and usage of software services provided to subsidiary. The company had filed appeal before the Commissioner of Appeals and is confident of getting favourable outcome based on legal precedents which support its stand.	1,028	1,028
<b>b) Others</b>	2,406	5,983
<b>c) Disputed demands of Income-tax</b>	40,743	40,538

### (i) Details of disputed demands of Income-tax primarily relate to:

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

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

For the financial years 2005-06 and 2006-07 ₹4,570 (As at March 31, 2023 - ₹4,570), the Company has received favourable order from Income-tax Appellate Tribunal (ITAT) and the Department has preferred an appeal before the Honourable High Court of Mumbai.

For financial years 2010-11 & 2019-20 ₹ 2,572 (As at March 31, 2023 ₹ 2,572 ), Assessing Officer has re-opened the assessment under section 148 of the Act and disallowed 10A benefit. The Company has preferred an appeal before Commissioner of Income-tax (Appeals).



**(ii) Disallowance of Inter-company service charges**

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

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

- i. ₹ 4,402 (As at March 31, 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 has 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).

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

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

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

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

- i. ₹ 23,644 (As at March 31, 2023 - ₹23,644) of tax demand for the financial year 2001-02, 2002-2003, 2006-07 and 2007-08. SITL had received a favorable order from ITAT. The Income-tax department had preferred an appeal before the Honorable High Court of Mumbai.
- ii. ₹ 72 (As at March 31, 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. SITL has preferred an appeal before CIT(A).
- iii. ₹205 (As at March 31, 2023 ₹ 127) for the financial years 2015-16 and 2020-21. The Income-tax department has made adjustment on transfer pricing grounds. Encore IT Services Solutions Private Limited (ENIN) has received favourable order from first appellant authority for financial year 2015-16 and the Income-tax department had preferred an appeal before second appellant authority. For financial year 2020-21, ENIN has appeal before first appellant authority which is pending to be heard.
- d) In addition, the Group in the ordinary course of business receives various claims from its customers and other business partners. Based on review of such matters and the information available at this time, the Group does not anticipate that any of these will result in a settlement that will have a material impact on its consolidated financial statements.

It is not practicable for the group 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 group does not expect the outcome of the matters stated above to have a material adverse impact on the group's financial condition, results of operations or cash flows.

## 27 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 for	74	577

## 28 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, 2023 has been made in the consolidated financial statements based on information received and available with the group. The group 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 group 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	305	164
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

## 29 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	Amortised cost	Carrying value
<b>Financial assets</b>					
Security deposits	7.2 & 10.5	-	-	2,136	2,136
Trade receivable	10.2	-	-	160,508	160,508
Cash and cash equivalents	10.3	-	-	53,602	53,602
Other balances with banks	10.4	-	-	32,895	32,895
Investment in bonds	10.1	-	-	4,333	4,333
Investment in PSU bonds	7.1 & 10.1	-	-	157	157
Other financial assets	7.2 & 10.5	-	-	6,661	6,661
Investment in mutual fund	10.1	18,756	-	-	18,756
Investment in equity instruments (quoted)	7.1	10	-	-	10
Forward contracts	10.5	77	408	-	485
Investment in equity instruments (unquoted)	7.1	-	1,251	-	1,251
<b>Total</b>		<b>18,843</b>	<b>1,659</b>	<b>260,292</b>	<b>280,794</b>
<b>Financial liabilities</b>					
Borrowings	14.1 & 15.1	-	-	67,430	67,430
Trade payables	15.3	-	-	141,595	141,595
Lease liabilities	14.2 & 15.2	-	-	9,116	9,116
Other financial liabilities	14.3 & 15.4	-	-	3,382	3,382
Payable for acquisition of subsidiary	14.3 & 15.4	98,950	-	-	98,950
Forward contracts	15.4	219	365	-	584
<b>Total</b>		<b>99,169</b>	<b>365</b>	<b>221,523</b>	<b>321,057</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	Amortised cost	Carrying value
<b>Financial assets</b>					
Security deposits	7.2 & 10.5	-	-	2,173	2,173
Trade receivable	10.2	-	-	123,622	123,622
Cash and cash equivalents	10.3	-	-	41,740	41,740
Other balances with banks	10.4	-	-	31,286	31,286
Investment in bonds	10.1	-	-	-	-
Investment in PSU bonds	7.1 & 10.1	-	-	217	217
Other financial assets	7.2 & 10.5	-	-	3,100	3,100
Investment in mutual fund	10.1	20,518	-	-	20,518
Investment in equity instruments (quoted)	7.1	8	-	-	8
Forward contracts	10.5	59	266	-	325
Investment in equity instruments (unquoted)	7.1	-	1,233	-	1,233
<b>Total</b>		<b>20,585</b>	<b>1,499</b>	<b>202,138</b>	<b>224,222</b>
<b>Financial liabilities</b>					
Borrowings	14.1 & 15.1	-	-	49,358	49,358
Trade payables	15.3	-	-	129,487	129,487
Lease liabilities	14.2 & 15.2	-	-	9,692	9,692
Other financial liabilities	14.3 & 15.4	-	-	2,167	2,167
Payable for acquisition of subsidiary	14.3 & 15.4	83,576	-	-	83,576
Forward contracts	15.4	402	1,037	-	1,439
<b>Total</b>		<b>83,978</b>	<b>1,037</b>	<b>190,704</b>	<b>275,719</b>

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

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

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

1. The fair value of the quoted mutual funds are based on price quotations at reporting date. The fair value of other financial liabilities and other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. In addition to being sensitive to a reasonably possible change in the forecast cash flows or discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates.
2. The fair values of the unquoted equity have been estimated using a discounted cash flow model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility, the probabilities of the various estimates whose range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

3. The Group enters into derivative financial instruments with Banks. Foreign exchange forward contracts are valued using valuation techniques, which employs the use of market observable inputs. The most frequently applied valuation techniques include forward pricing model, using present value calculations. The models incorporate various inputs including the credit quality of banks, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves etc.

As at March 31, 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 and financial liabilities are as under:

₹ in Lakhs

Particulars	Fair value		Fair value hierarchy
	As at March 31, 2024	As at March 31, 2023	
Investment in equity instruments - Principal Share Group (quoted)	10	8	Level 1
Investment in Mutual funds (quoted)	18,756	20,518	Level 1
Investment in bonds	4,333	-	Level 2
Investments in PSU bonds	157	217	Level 2
Foreign currency forward contracts	485	325	Level 2
Foreign currency forward contracts (liabilities)	584	1,439	Level 2
Investment in equity instruments - Retail 10X, Inc.	709	698	Level 3
Investment in equity instruments - Semicab Inc.	292	288	Level 3
Investment in equity instruments - Treeni Sustainability Solutions Inc.	250	247	Level 3
Fair value of contingent consideration payable	98,950	83,576	Level 3

There have been no transfers among Level 1, Level 2 and Level 3 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
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
Equity instruments (unquoted)	Discounted cash flow method using risk adjusted discount rate	- Discounted cash flows - Risk adjusted discount rate
Contingent consideration	Discounted cash flow: The valuation model considers the present value of expected payment discounted using a risk adjusted discount rate. The expected payment is determined by considering the possible scenarios of forecast EBITDA and revenues	- Forecasted EBITDA - Risk adjusted discount rate

- i) Reconciliation of fair value measurement of investment in Unquoted equity instrument classified as FVTOCI (Level 3):

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	1,233	1,136
Remeasurement recognised in OCI	18	97
<b>Closing balance</b>	<b>1,251</b>	<b>1,233</b>

- ii) Reconciliation of fair value measurement of payables for acquisition of subsidiary classified as FVTPL (Level 3):

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	83,576	7,427
Additions during the year	-	77,061
Fair value measurement recognised in consolidated statement of profit and loss	4,353	397
Remeasurement recognised in consolidated statement of profit and loss	17,466	-
Translation adjustments	1,233	742
Payout / reversals during the year	(7,678)	(2,051)
<b>Closing balance</b>	<b>98,950</b>	<b>83,576</b>

#### Derivative financial instruments

The Group is exposed to foreign currency fluctuations on foreign currency assets/ liabilities and forecasted cash flows denominated in foreign currency. The Group follows established risk management policies, including the use of derivatives to hedge foreign currency assets/ liabilities and foreign currency forecasted cash flows. The counter party in these derivative instruments is a bank and the Group considers the risks of non-performance by the counterparty as non-material.



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

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Derivatives in hedging relationships		
Effective portion of gain or (loss) recognized in OCI on derivatives	669	(3,539)
Effective portion of gain or (loss) reclassified from OCI into statement of profit and loss as "revenue"	51	121

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

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year (net of tax)	(591)	2,082
Unrealized gain or (loss) on cash flow hedging derivatives during the year	669	(3,539)
Net gain reclassified into statement of profit and loss on occurrence of hedged transactions	-	-
Deferred tax liability	(168)	866
Cash flow hedging reserve (net of tax)	(90)	(591)

The following table presents the aggregate contracted principal amounts of the Group'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
Designated derivative instruments (Sell):	Amount in Lakhs		₹ in Lakhs	
In USD	1,245	958	105,838	79,471
in GBP	249	363	25,936	37,313
in EUR	43	33	3,922	2,972
in AUD	31	38	1,717	2,170

The foreign exchange forward contracts mature anywhere between 0-5 year. 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	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Designated derivative instruments (Sell):	Amount in Lakhs		₹ in Lakhs	
Less than 3 months				
In USD	240	348	20,404	28,844
in GBP	129	6	13,506	582
in EUR	17	2	1,569	183
In AUD	20	1	1,098	58
More than 3 months				
In USD	1,005	610	85,434	50,628
in GBP	119	357	12,431	36,732
in EUR	26	31	2,353	2,789
in AUD	11	37	619	2,112

Average rate of coverage:

Particulars	As at		As at	
	March 31, 2024		March 31, 2023	
	Amount (in lakhs)	Weighted Average Rate (₹)	Amount (in lakhs)	Weighted Average Rate (₹)
USD	1,245	85.03	958	82.95
GBP	249	104.36	363	102.93
EUR	43	92.27	33	91.46
AUD	31	56.25	38	57.77

## 30 Financial risk management

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

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

### i) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Group assesses the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

## Trade and other receivables

Management considers that the demographics of the Group'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 group 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:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Revenue from customer having more than 10% of total revenue	91,025	85,248

## Geographic concentration of credit risk

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

₹ 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
Trade receivables	90,573	69,935	75,944	47,678
Allowance for credit loss	2,578	3,011	932	1,375
% of credit loss to trade receivables	3%	4%	1%	3%

## Expected credit loss

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

Movement in allowances for credit losses

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Balance at the beginning of the year	2,307	1,583
Allowance for expected credit loss*	6,571	661
Bad debts written off during the year	(2,611)	(33)
Foreign exchange differences	(678)	96
<b>Balance at the end of the year</b>	<b>5,589</b>	<b>2,307</b>

\* The company has adjusted compensation right asset amounting to ₹ 4,224 Lakhs against the allowance for expected credit loss. The Company has disclosed the remaining amount of ₹ 2,347 Lakhs as allowance for expected credit loss in note 24 (Refer note 2.3 (q)(a) for the accounting policy on compensation right assets)

## Investments

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

### ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group 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 Group has concluded arrangements with well reputed banks and also plans to negotiate additional facilities for funding as and when required. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities.

The Group 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 15.1)

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

The liquidity position of the Group is given below:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Cash and cash equivalents	53,602	41,740
Other balances with banks	32,895	31,286
Investment in bonds	4,333	-
Investments in mutual funds (quoted)	18,756	20,518
Investments in PSU Bonds (Quoted)	119	62
Trade receivables	160,508	123,622
Other financial assets	4,974	1,081
Derivative financial instruments - cash flow hedge	485	325
Other current assets	22,085	17,459

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
Borrowings*	24,329	20,850	22,251
Trade payables	141,595	-	-
Other financial liabilities	99,575	2,757	-
Lease liabilities	2,790	1,731	8,864
Derivative financial instruments - cash flow hedge	584	-	-

Particulars	As at March 31, 2023		
	Less than 1 year	1-2 years	2 years & above
Borrowings*	18,852	14,688	15,818
Trade payables	129,487	-	-
Other financial liabilities	40,779	44,964	-
Lease liabilities	2,941	2,322	4,429
Derivative financial instruments - cash flow hedge	1,439	-	-

\* This includes vendor financing arrangement, refer note 15.1

iii) Market risk

Foreign currency exchange rate risk

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

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

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

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

- an approximately ₹ 1,375 lakhs increase and decrease in the Group's net profit as at March 31, 2024;
- an approximately ₹ 295 lakhs increase and decrease in the Group'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

Particulars	USD	GBP	EUR	Other Currencies*
<b>As at March 31, 2024</b>				
<b>Assets</b>				
Trade receivables	62,545	4,694	3,056	2,216
Cash and cash equivalents	49,164	943	1,349	860
Other assets	1,650	587	1,578	668
<b>Liabilities</b>				
Trade payables	20,481	1,933	2,721	1,080
Other liabilities	99,295	-	-	137
<b>Net assets/liabilities</b>	<b>(6,417)</b>	<b>4,291</b>	<b>3,262</b>	<b>2,527</b>
<b>As at March 31, 2023</b>				
<b>Assets</b>				
Trade receivables	55,046	3,262	2,210	4,874
Cash and cash equivalents	10,179	681	714	1,916
Other assets	6,063	3,647	435	476
<b>Liabilities</b>				
Trade payables	13,668	1,242	242	2,748
Other non-current liabilities	3,069	415	-	-
<b>Net assets/liabilities</b>	<b>54,551</b>	<b>5,933</b>	<b>3,117</b>	<b>4,518</b>

\*Others include currencies such as Canadian Dollar, Singapore Dollar, Australian Dollar, Swiss Franc, Danish Krone, United Arab Emirates Dirham, Saudi Riyal, etc.

For the year ended March 31, 2024, every 1% increase/decrease of the respective foreign currencies compared to functional currency of the Company would impact operating margins by 0.01 %/ (0.01)%. For the year ended March 31, 2023, the impact on operating margins would be 0.09%/ (0.09)%.

#### Interest rate risk

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

In respect of the Group's borrowings, 50 bps decrease/ increase in the interest rate would have resulted in:

- an approximately ₹ 313 lakhs increase and decrease in the Group's net profit as at March 31, 2024;
- an approximately ₹ 226 lakhs increase and decrease in the Group's net profit as at March 31, 2023;



## 31 Capital management

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

**The capital structure of the company consists of the following:**

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Total equity attributable to the equity share holders of the Company	140,629	130,065
As percentage of total capital	65%	69%
Current borrowings	24,329	18,852
Non-current borrowings	43,101	30,506
Lease liabilities	9,116	9,692
<b>Total borrowings</b>	<b>76,546</b>	<b>59,050</b>
As a percentage of total capital	35%	31%
<b>Total capital (borrowings and equity)</b>	<b>217,175</b>	<b>189,115</b>

The Group is predominantly equity financed which is evident from the capital structure table. Further, the Group has always been a net cash Company with cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds.

## 32 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 ₹ 1,768 lakhs (for the year ended March 31, 2023 ₹ 1,647 lakhs) has been charged to the Statement of Profit and Loss (as part of contribution to provident fund and other funds in Note 22 Employee benefit expense).

- b) During the year the Group has recognised the following amounts in the consolidated statement of profit and loss towards Employers contribution to:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Employee's State Insurance (as part of staff welfare expenses in Note 22 Employee benefits expense)	1	1
Superannuation (as part of contribution to provident fund and other funds in Note 22 Employee benefits expense)	2,490	1,910
National Pension Scheme (as part of contribution to provident fund and other funds in Note 22 Employee benefits expense)	154	103
National Insurance Contribution (as part of contribution to provident fund and other funds in Note 22 Employee benefits expense)	562	314
Other contributions (as part of contribution to provident fund and other funds in Note 22 Employee benefits expense)	812	313

ii) **Defined benefit plans - Gratuity**

The Group has a defined benefit gratuity plan in India (funded). The Group'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 Group 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.

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

Particulars	March 31, 2024	March 31, 2023
Discount rate(s)	7.20%	6.73%
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.
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	849	731
Net interest expense	55	40
Components of defined benefit costs recognised in profit or loss	<b>904</b>	<b>771</b>
<b>Remeasurement on the net defined benefit liability:</b>		
Return on plan assets (excluding amounts included in net interest expense)	(500)	325
Actuarial (gains) / losses arising from changes in financial assumptions	122	(324)
Actuarial (gains) / losses arising from changes in demographic assumptions	(8)	-
Actuarial (gains) / losses arising from experience adjustments	126	658
Others	4	2
Components of defined benefit costs recognised in other comprehensive income	<b>(256)</b>	<b>662</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.

₹ in Lakhs

Particulars	March 31, 2024	March 31, 2023
<b>The amount included in the balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:</b>		
Present value of funded defined benefit obligation	(9,194)	(7,966)
Fair value of plan assets	8,957	7,238
<b>Net (liability) / Assets arising from defined benefit obligation</b>	<b>(237)</b>	<b>(728)</b>
<b>Movements in the present value of the defined benefit obligation are as follows:</b>		
Opening defined benefit obligation	7,966	7,158
Defined benefit obligation of acquired company	14	-
Current service cost	849	731
Interest cost	594	481
<b>Remeasurement (gains)/losses:</b>		
Actuarial (gains) / losses arising from changes in financial assumptions	122	(324)
Actuarial (gains) / losses arising from experience adjustments	126	658
Actuarial (gains) / losses arising from Demographic adjustments	(8)	-
Benefits paid	(470)	(738)
<b>Closing defined benefit obligation</b>	<b>9,194</b>	<b>7,966</b>
<b>Movements in the fair value of the plan assets are as follows:</b>		
Opening fair value of plan assets	7,238	6,555
Interest income	539	441
Return on plan assets (excluding amounts included in net interest expense)	500	(325)
Contributions from the employer	1,150	1,299
Benefits paid	(470)	(732)
<b>Closing fair value of plan assets</b>	<b>8,957</b>	<b>7,238</b>

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

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Insurer Managed Funds	100%	100%
<b>Category of funds :</b>		
Secure Fund	3.03%	18.00%
Defensive Fund	54.87%	41.00%
Balanced Fund	42.06%	40.95%
Stable Fund	0.04%	0.05%

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

₹ in Lakhs

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(471)	527	(448)	409
Future salary growth (1% movement)	532	(485)	459	(418)
Employee turnover rate (1% movement)	51	(58)	55	(61)

The Group expects to contribute ₹ 1,229 lakhs to its defined benefit plans during the next fiscal year.

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

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

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

#### Experience adjustments:

₹ in Lakhs

Particulars	As at				
	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020
Present value of defined benefit obligation	9,194	7,966	7,158	5,701	4,449
Fair value of plan assets	8,957	7,238	6,555	4,815	3,670
Surplus / (deficit)	(237)	(728)	(603)	(886)	(779)
Experience adjustments on plan liabilities - (gain)/losses	126	658	1,442	324	46
Return on plan assets - (losses)/gain	500	(325)	137	681	(310)

Maturity profile of defined benefit obligation:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Within 1 year	1,308	1,226
1-2 years	978	802
2-3 years	962	860
3-4 years	1,102	838
4-5 years	942	920
5 and Above	9,661	8,552

The Group 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 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
Discount rate(s)	4.81% - 7.20%	7.38%
Expected rate(s) of salary increase	2% - 5%	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 (%)	0-20%	2%

The amount included in the balance sheet arising from the entity'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	3,698	3,106
Present value of compensated absences	3,698	3,106

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)	(55)	60	(47)	52
Future salary growth (1% movement)	63	(56)	47	(48)

Maturity profile of compensated absences:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Within 1 year	209	181
1-2 years	838	103
2-3 years	132	112
3-4 years	111	98
4-5 years	97	78
5 years and above	420	351



## 33 Share-based payments

### a) Employee share option plan of the Group

#### (i) Details of the employee share option plan of the Group

The Company has a stock option plan for employees of the Company and its subsidiaries, authorized by the nomination and remuneration committee. In accordance with the terms of the plan, as approved by shareholders at its annual general meeting dated 19th August 2014. Eligible employees are granted to get stock option with graded vesting period of four years. The quantum of stock option is decided by the nomination and remuneration committee. The shares are transferred to employees from the Sonata Software Ltd Employee Welfare Trust based on the approval.

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

The following share-based payment arrangements were in existence during the year ended March 31, 2024

Number of shares	Grant date	Vesting date	Exercise price (₹)*	Fair value of the stock options at grant date*
8,000	May 31, 2019	May 30, 2023	132.94	51.66
53,332	May 29, 2020	May 28, 2023	77.27	23.49
106,664	May 2, 2022	May 1, 2026	282.05	82.14 - 101.15
1,066,664	Apr 8, 2022	Apr 7, 2026	294.54	90.97 - 111.22
93,331	Apr 29, 2022	Apr 28, 2026	281.13	84.97 - 104.1
100,331	May 19, 2022	May 18, 2026	250.66	78.20 - 94.73
70,000	May 25, 2022	May 24, 2026	247.07	77.79 - 87.93
160,000	Apr 3, 2023	Apr 2, 2027	418.15	115.48 - 130.99

\* Adjusted for issuance of bonus shares in December 2023 in the ratio of 1:1

The following share-based payment arrangements were in existence during the year ended March 31, 2023

Number of shares	Grant date	Vesting date	Exercise price (₹)*	Fair value of the stock options at grant date*
53,332	May 29, 2017	May 29, 2022	149.65	43.49 - 55.86
66,000	May 31, 2019	May 30, 2024	354.50	115.54-137.75
79,998	May 29, 2020	May 28, 2025	206.50	54.22 - 62.63
533,332	Apr 8, 2022	Apr 7, 2026	589.09	181.94 - 222.44
53,332	Apr 29, 2022	Apr 28, 2026	562.25	169.94 - 208.21
106,664	May 2, 2022	May 1, 2026	564.09	164.28 - 202-29
53,332	May 19, 2022	May 18, 2026	501.31	156.41 - 189.47
40,000	May 25, 2022	May 24, 2026	494.14	143.81 - 175.85

\* Adjusted for issuance of bonus shares in September 2022 in the ratio of 1:3

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

Options are priced using Black - Scholes pricing model.

Expected volatility has been based on an evaluation of the historical volatility of the Company's share price, particularly over the historical period commensurate with the expected term. The expected term of the instruments has been based on historical experience and general option holder behaviour

### Inputs into the model

#### For the year ended March 31, 2024

Grant date	May 31, 2019	May 29, 2020	Apr 8, 2022	Apr 29, 2022	May 2, 2022	May 19, 2022	May 25, 2022	April 3, 2023
Grant date share price (₹)*	178.35	101.45	299.98	282.04	278.38	252.21	241.43	429.50
Exercise price (₹)*	177.25	77.27	294.55	281.13	282.05	250.66	247.07	418.15
Expected volatility (%)	53-26	40.00	40	40	40	40	40	40
Option life (in years)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Dividend yield (%)	2.50	2.50	2.00	2.00	2.00	2.00	2.00	4.50
Risk-free interest rate (%)	6.71 - 7.03	4.76-5.26	6.00 - 6.67	6.32 - 6.89	6.29 - 6.85	7.03 - 7.28	6.88 - 7.13	7.29 - 7.32

\* Adjusted for issuance of bonus shares in December 2023 in the ratio of 1:1

#### For the year ended March 31, 2023

Grant date	May 29, 2017	May 31, 2019	May 29, 2020	Apr 8, 2022	Apr 29, 2022	May 2, 2022	May 19, 2022	May 25, 2022
Grant date share price (₹)*	142.17	356.70	202.90	599.96	564.08	556.76	504.41	482.85
Exercise price (₹)*	149.65	354.50	501.31	589.09	562.25	564.09	501.31	494.14
Expected volatility (%)	36.47 - 40.61	53-26	40.00	40	40	40	40	40
Option life (in years)	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Dividend yield (%)	-	2.50	2.50	2.00	2.00	2.00	2.00	2.00
Risk-free interest rate (%)	6.66 - 6.79	6.71 - 7.03	4.76-5.26	6.00 - 6.67	6.32 - 6.89	6.29 - 6.85	7.03 - 7.28	6.88 - 7.13

\* Adjusted for issuance of bonus shares in September 2022 in the ratio of 1:3

## (iii) Movements in share options during the year

The following reconciles the share options outstanding at the beginning and end of the year:

Particulars	2023-2024		2022-2023	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Balance at beginning of year	821,326	543.88	253,330	198.48
Granted during the year *	836,996	-	786,660	-
Forfeited during the year	-	-	-	-
Exercised during the year	78,332	463.29	144,664	168.19
Expired during the year	159,996	-	74,000	-
<b>Balance at end of year</b>	<b>1,419,994</b>	<b>295.83</b>	<b>821,326</b>	<b>543.88</b>
Exercisable at the end of the year	319,998	258.33	-	-

\* Includes bonus issue in the ratio of 1:1. no of options 756,996 (previous year bonus issue in the ration of 1:3 no of options 241,990)

#### (iv) Stock options exercised during the year

The following share options were exercised during FY 2023-24:

Granted on	Number exercised	Exercise date	Share price at exercise date
May 05, 2019 to May 25, 2022	78,332	June 02, 2023 to January 31, 2024	478.10 to 768

The following share options were exercised during FY 2022-23:

Granted on	Number exercised	Exercise date	Share price at exercise date
May 29, 2017 to May 29, 2019	142,664	June 1, 2022 to March 29, 2023	515.60 to 751. 65

#### (v) Share options outstanding at the end of the year

The share options outstanding at the end of the year had a weighted average exercise price of ₹ 295.83 (as at March 31, 2023 ₹ 543.88)

During the year, the amount recognised as expense for employee Stock Options is ₹ 455 Lakhs (for the year ended March 31, 2023 is ₹746 Lakhs). Reversal of ESOP expenditure is ₹ 72 lakhs(for the year ended March 31, 2023 is ₹ 67 lakhs)

### 34 Consolidation of Employee Welfare Trust

Ind AS 110 – Consolidated financial statements defines control and establishes control as the main basis for consolidating the entities. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, in view of which the company has consolidated Sonata employee welfare trust accounts.

During the yearended March31,2024, no advance has been given to Sonata Software Employees Welfare Trust. The assets and liabilities of the aforesaid trust have been accounted for as the assets and liabilities of the Group on the basis that such trust is merelyacting as the agent of the Group. Cash and cash equivalents and bank balances of ₹ 2,652 lakhs, investments ₹ 22 lakhs, other assets ₹ 49 lakhs and other liabilities ₹ 3 lakhs, equity ₹ 2,720 lakhs. (During the year ended March31, 2023, no advance has been given to Sonata Software Employees Welfare Trust. The assets and liabilities of the aforesaid trust have been accounted for as the assets and liabilities of the Group on the basis that such trust is merelyacting as the agent of the Group. Cash and cash equivalents and bank balances of ₹ 2,153 lakhs, investments ₹ 23 lakhs, other assets ₹ 11 lakhs and other liabilities ₹ 32 lakhs, equity ₹ 2,155 lakhs)

### 35 Related party disclosure

#### i) Details of related parties :

Description of relationship	Names of related parties
<b>a) Post-employment benefit plan (Refer Note 32)</b>	Sonata Software Limited Gratuity Fund
	Sonata Software Officers' Superannuation Fund
<b>(b) Entity with common Key Management Personnel (KMPE)</b>	Health & Glow Private Limited
<b>(c) Key Management Personnel (KMP)</b>	Mr. Samir Dhir, Managing Director & Chief Executive Officer (w.e.f. Feb 14, 2023)
	Mr. P Srikar Reddy, Executive Vice Chairman and Whole time Director (w.e.f. Feb 14, 2023)
	Mr. Pradip P Shah, Chairman & Independent Director
	Ms. Radhika Rajan, Independent Director
	Mr. Viren Raheja, Non Executive Director
	Mr. S B Ghia, Non Executive Director
	Mr. Sanjay K Asher, Independent Director
	Mr. Jagannathan CN, Chief Financial Officer
	Ms. Mangal Krishnarao Kulkarni, Company Secretary

ii) Transactions with related parties :

₹ in Lakhs

Particulars	KMPE, KMP	
	As at March 31, 2024	As at March 31, 2023
<b>Rendering of services</b>		
Health & Glow Private Limited	131	-
<b>Compensation of key management personnel of the Company</b>		
Short-term employee benefits*	1,892	2,445
Other long-term employee benefits	694	636
Share-based payment transactions	304	969
Others	320	720
<b>Total compensation paid to key management personnel</b>	<b>3,210</b>	<b>4,770</b>
<b>Balances outstanding at the end of the year</b>		
<b>Trade receivables</b>		
Health & Glow Private Limited	22	-
<b>Payable to key management personnel of the Company</b>		
Short-term employee benefits*	1,836	590
Other long-term employee benefits	1,447	636
Share-based payment transactions	846	542
Others	320	703

\* 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 of transactions with related parties:

1. The balance outstanding above are unsecured and would be settled in cash.

## 36 Segment Reporting

The CEO & MD of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on geographical territory. Accordingly, the reportable segments are "India" and "Other than India".

The Group's operation comprises of software development, technical services and product marketing. Primary segmental reporting is based on geographical areas based on location of customer, viz., Domestic (India) and International (Other than India). Secondary segment comprises business segment viz., products & services.

In primary segment, revenue and all expenses, which relate to a particular geographical segment based on location of customer, are reported. Secondary segment is reported based on the Group's business viz., products and services. Revenue is identified based on the business operations.

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the

basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

### Primary disclosure

#### Geographical segment based on location of customers

₹ in Lakhs

Particulars	India		Other than India		Unallocable		Consolidated	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
<b>Revenue</b>								
Segment revenue	491,261	485,766	371,844	260,087	-	-	863,105	745,853
Inter segment revenue							(1,799)	(941)
Revenue from operations							<b>861,306</b>	<b>744,912</b>
<b>Segment result</b>								
Profit before tax, interest, depreciation and amortization	19,733	21,329	59,348	40,720	6,217	5,446	85,298	67,495
Less: Depreciation and amortization							(13,193)	(5,913)
Less: Finance costs							(8,501)	(1,854)
<b>Profit before tax and exceptional item</b>							<b>63,604</b>	<b>59,728</b>
Less: Exceptional item								
- Changes in fair value of contingent consideration payable							(17,466)	-
<b>Profit before tax</b>							<b>46,138</b>	<b>59,728</b>
Less: Tax expense							(15,288)	(14,538)
<b>Profit after tax</b>							<b>30,850</b>	<b>45,190</b>
Segment assets	145,582	115,386	334,545	283,874	34,785	36,428	514,912	435,688
Segment liabilities	143,509	114,373	205,357	174,967	25,417	16,283	374,283	305,623

### Secondary disclosure

#### Business segment

₹ in Lakhs

Particulars	Products		Services		Unallocable		Consolidated	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
Revenue	612,944	571,155	248,362	173,757	-	-	861,306	744,912
Assets	145,582	115,386	334,545	283,874	34,785	36,428	514,912	435,688
Capital expenditure	40	107	2,536	4,047	-	-	2,576	4,154

## Statement of net assets and profit or loss attributable to owners and non-controlling interest

a) As at and for the year ended March 31, 2024

Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share of profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated profit / (loss)	Amount ₹ in Lakhs	As % of consolidated other comprehensive income	Amount ₹ in Lakhs	As % of consolidated profit / (loss)	Amount ₹ in Lakhs
<b>Parent :</b>								
Sonata Software Limited	41.47%	70,664	40.77%	35,877	-67.24%	534	41.75%	36,411
Subsidiaries :								
<b>Indian</b>								
Sonata Information Technology Limited	16.05%	27,347	18.56%	16,336	-23.55%	187	18.95%	16,523
Sonata Software Solutions Limited	7.12%	12,135	8.35%	7,345	1.39%	(11)	8.41%	7,334
Encore IT Services Solution Private Limited	0.54%	925	1.24%	1,088	3.02%	(24)	1.22%	1,064
<b>Foreign</b>								
Sonata Software North America Inc.	16.44%	28,011	3.60%	3,170	230.23%	(1,828)	1.54%	1,342
Sonata Software LLC,US (formerly known as Sopris Systems LLC)	-0.70%	(1,189)	0.00%	(0)	2.27%	(18)	-0.02%	(18)
Sonata Software Qatar	0.00%	(6)	-0.03%	(24)	-0.02%	0	-0.03%	(24)
Sonata Software GmbH	-0.08%	(131)	0.00%	(3)	-0.01%	0	0.00%	(3)
Sonata Europe Limited	7.08%	12,069	-1.51%	(1,325)	-15.87%	126	-1.37%	(1,199)
GAPbuster Worldwide Pty Limited	0.28%	476	-0.06%	(49)	44.08%	(350)	-0.46%	(399)
GAPbuster Limited	0.00%	-	0.84%	742	0.00%	-	0.85%	742
GAPbuster Europe Limited	0.00%	(0)	-0.14%	(121)	0.00%	-	-0.14%	(121)
GAPbuster Inc	-0.08%	(138)	-0.25%	(222)	-12.85%	102	-0.14%	(120)
Sonata Software Worldwide Malaysia SDN. BHD. (formerly known as GAPbuster Worldwide Malaysia Sdn Bh)	-0.03%	(49)	-0.13%	(117)	-4.41%	35	-0.09%	(82)
Sonata Software Japan KK (formerly known as Kabushiki Kaisha Gapbuster Japan)	-0.21%	(362)	0.14%	120	-33.63%	267	0.44%	387
Sonata Software (Shanghai) Co., Ltd (formerly known as GAPbuster China Co. Limited)	-0.01%	(21)	0.21%	181	-1.89%	15	0.22%	196
Sonata Australia Pty Ltd	1.37%	2,331	1.83%	1,611	2.52%	(20)	1.82%	1,591
Encore Software Services Inc.	1.29%	2,205	3.28%	2,885	-3.28%	26	3.34%	2,911
Sonata Software Intercontinental Ltd	-0.03%	(52)	-0.61%	(538)	0.44%	(3)	-0.62%	(541)
Sonata Software Canada Ltd	0.09%	154	0.19%	164	-0.04%	0	0.19%	164
Sonata Software Latin America1	-0.18%	(300)	-0.32%	(284)	2.46%	(20)	-0.35%	(304)
Sonata Software Malaysia SDN. BHD.5	0.11%	190	0.11%	101	-0.03%	0	0.12%	101
Quant Systems Inc.²	7.67%	13,077	23.49%	20,674	-22.92%	182	23.91%	20,856



Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share of profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated profit / (loss)	Amount ₹ in Lakhs	As % of consolidated other comprehensive income	Amount ₹ in Lakhs	As % of consolidated profit / (loss)	Amount ₹ in Lakhs
Quant Cloud Solutions Private Limited <sup>2</sup>	1.79%	3,051	0.45%	392	-0.63%	5	0.46%	397
Quant Systems CRC Inc Sociedad de Responsabilidad Limitada <sup>2</sup>	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Woodshed LLC <sup>2</sup>	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Sub total</b>	<b>100%</b>	<b>170,387</b>	<b>100%</b>	<b>88,003</b>	<b>100%</b>	<b>(794)</b>	<b>100%</b>	<b>87,209</b>
Elimination		(29,758)		(57,153)		1,614		(55,539)
<b>Total</b>		<b>140,629</b>		<b>30,850</b>		<b>820</b>		<b>31,670</b>

b) As at and for the year ended March 31, 2023

Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share of profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated profit / (loss)	Amount ₹ in Lakhs	As % of consolidated other comprehensive income	Amount ₹ in Lakhs	As % of consolidated profit / (loss)	Amount ₹ in Lakhs
<b>Parent :</b>								
Sonata Software Limited	35.65%	55,359	35.23%	22,037	45.31%	(1,322)	34.73%	20,715
<b>Subsidiaries :</b>								
<b>Indian</b>								
Sonata Information Technology Limited	18.88%	29,325	22.57%	14,122	65.80%	(1,920)	20.46%	12,202
Sonata Software Solutions Limited	8.76%	13,601	13.92%	8,711	0.41%	(12)	14.59%	8,699
Encore IT Services Solution Private Limited	0.62%	962	1.02%	636	1.03%	(30)	1.02%	606
<b>Foreign</b>								
Sonata Software North America Inc.	17.17%	26,668	15.71%	9,828	-13.54%	395	17.14%	10,223
Interactive Business Information Systems Inc <sup>3</sup>	0.00%	-	0.07%	44	1.85%	(54)	-0.02%	(10)
Sonata Software LLC,US (formerly known as Sopris Systems LLC)	-0.75%	(1,171)	-0.78%	(486)	4.63%	(135)	-1.04%	(621)
Sonata Software FZ LLC <sup>4</sup>	0.00%	-	0.88%	553	2.23%	(65)	0.82%	488
Sonata Software Qatar	0.01%	19	0.98%	610	2.36%	(69)	0.91%	541
Sonata Software GmbH	-0.08%	(129)	-0.29%	(184)	0.17%	(5)	-0.32%	(189)
Sonata Europe Limited	8.54%	13,267	2.45%	1,533	-2.33%	68	2.68%	1,601
GAPbuster Worldwide Pty Limited	-1.39%	(2,163)	-2.93%	(1,831)	5.00%	(146)	-3.31%	(1,977)
GAPbuster Limited	0.92%	1,432	3.01%	1,885	-3.32%	97	3.32%	1,982
GAPbuster Europe Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
GAPbuster Inc	0.05%	83	-0.26%	(163)	-0.21%	6	-0.26%	(157)

Name of the entity	Net Assets, i.e. total assets minus total liabilities		Share of profit / (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount ₹ in Lakhs	As % of consolidated profit / (loss)	Amount ₹ in Lakhs	As % of consolidated other comprehensive income	Amount ₹ in Lakhs	As % of consolidated profit / (loss)	Amount ₹ in Lakhs
Sonata Software Worldwide Malaysia SDN. BHD. (formerly known as GAPbuster Worldwide Malaysia Sdn Bh)	0.05%	73	-0.05%	(34)	-0.17%	5	-0.05%	(29)
Sonata Software Japan KK (formerly known as Kabushiki Kaisha Gapbuster Japan)	0.07%	116	0.42%	263	-0.27%	8	0.45%	271
Sonata Software (Shanghai) Co., Ltd (formerly known as GAPbuster China Co. Limited)	-0.12%	(193)	-0.11%	(67)	0.45%	(13)	-0.13%	(80)
Sonata Australia Pty Ltd	1.63%	2,525	1.91%	1,198	0.38%	(11)	1.99%	1,187
Encore Software Services Inc.	1.52%	2,356	4.80%	3,003	-8.81%	257	5.47%	3,260
Sonata Software Intercontinental Ltd	0.32%	490	0.53%	329	-0.24%	7	0.56%	336
Sonata Software Canada Ltd	-0.01%	(12)	-0.02%	(12)	-0.00%	0	-0.02%	(12)
Sonata Software Latin America <sup>1</sup>	0.00%	4	0.01%	4	0.00%	(0)	0.01%	4
Quant Systems Inc. <sup>2</sup>	6.46%	10,031	0.91%	570	-0.72%	21	0.99%	591
Quant Cloud Solutions Private Limited <sup>2</sup>	1.71%	2,654	0.02%	11	0.00%	-	0.02%	11
Quant Systems CRC Inc Sociedad de Responsabilidad Limitada <sup>2</sup>	0.00%	-	0.00%	-	0.00%	-	0.00%	-
Woodshed LLC <sup>2</sup>	0.00%	-	0.00%	-	0.00%	-	0.00%	-
<b>Sub total</b>	<b>100%</b>	<b>155,297</b>	<b>100%</b>	<b>62,560</b>	<b>100%</b>	<b>(2,918)</b>	<b>100%</b>	<b>59,642</b>
Eliminations		(25,233)		(17,370)		404		(16,966)
<b>Total</b>		<b>130,064</b>		<b>45,190</b>		<b>(2,514)</b>		<b>42,676</b>

<sup>1</sup> Sonata Latin America S. DE R.L. DE C.V. has been incorporated in Ireland with effect from May 05, 2022.

<sup>2</sup> Sonata Software North America Inc., (SSNA) has acquired 100% stake in Quant Systems Inc. a Texas based company on March 10, 2023.

<sup>3</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.

<sup>4</sup> Sonata Software FZ LLC has been liquidated w.e.f March 30, 2023.

<sup>5</sup> Sonata Software Malaysia SDN. BHD. has been incorporated in Malaysia with effect from June 13, 2023.

## 38. Leases

The Group leases mainly comprises of land and buildings. The Group leases buildings for operational purposes.

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

₹ in Lakhs

Particulars	Category of ROU asset		
	Leasehold land	Leasehold buildings	Total
<b>Balance as at April 1, 2023</b>	<b>190</b>	<b>8,091</b>	<b>8,281</b>
Additions	-	3,864	3,864
Deletion	-	(1,498)	(1,498)
Depreciation for the year	(13)	(2,554)	(2,567)
Translation difference	-	17	17
<b>Balance as at March 31, 2024</b>	<b>177</b>	<b>7,920</b>	<b>8,097</b>
<b>Balance as at April 1, 2022</b>	<b>203</b>	<b>10,357</b>	<b>10,560</b>
Additions	-	1,511	1,511
Deletion	-	(1,382)	(1,382)
Depreciation for the year	(13)	(2,445)	(2,458)
Translation difference	-	50	50
<b>Balance as at March 31, 2023</b>	<b>190</b>	<b>8,091</b>	<b>8,281</b>

The following is the movement in lease liabilities during the year:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Balance at the beginning of the year</b>	<b>9,692</b>	<b>12,141</b>
<b>Non-cash changes</b>		
Additions	3,827	1,511
Finance cost accrued during the year	871	1,120
Deletions	(1,963)	(1,849)
Translation difference	26	27
<b>Cash changes</b>		
Payment of lease liabilities	(3,337)	(3,258)
<b>Balance at the end of the year</b>	<b>9,116</b>	<b>9,692</b>

Incremental borrowing rate used for discounting of lease liabilities is 1.58% to 10.81% based on the lease term and geographical area of the Group.

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

₹ in Lakhs

	As at March 31, 2024	As at March 31, 2023
Current lease liabilities	2,416	2,941
Non-current lease liabilities	6,700	6,751
<b>Total</b>	<b>9,116</b>	<b>9,692</b>

#### Contractual maturities of lease liabilities.

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Not later than one year	2,790	3,088
Later than one year and not later than 5 years	4,617	6,106
Later than 5 years	5,978	4,378
<b>Total</b>	<b>13,385</b>	<b>13,572</b>

The Group recognized the following income and expense in the consolidated 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 (Refer note 23)	871	1,120
Depreciation on ROU assets	2,567	2,458
Rent expense pertaining to short- term leases	758	720
<b>Total</b>	<b>4,196</b>	<b>4,298</b>

## 39. Business Combinations

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed, and equity instruments issued at the date of exchange by the Group. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business acquisition are expensed as incurred.

The cost of an acquisition also includes the fair value of any contingent consideration measured as at the date of acquisition. Any subsequent changes to the fair value of contingent consideration classified as liabilities, other than measurement period adjustments, are recognised in the consolidated statement of profit and loss.

The excess of the purchase consideration paid over the fair value of assets acquired has been attributed to goodwill.

Intangible assets acquired separately are measured at cost of acquisition. Intangible assets acquired in a business combination are measured at fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The amortisation of an intangible asset with a finite useful life reflects the manner in which the economic benefit is expected to be generated.

## Acquisition of Quant Systems Inc.

Sonata Software North America Inc., has acquired 100% stake in the Quant systems inc., (Quant) a Texas based IT service corporation on March 10, 2023 for a purchase consideration of USD 159 Million (₹ 130,348 Lakhs) (net of working capital) including cash consideration of USD 70.7 Mn (₹ 57,960 Lakhs) and USD 88.3 Million (₹ 72,388 Lakhs) of contingent consideration payable over 2 years.

Quant system Inc. is engaged in the deployment of software solutions and IT applications. Quant offers advisory, managed services, and managed hosting solutions; and systems integration services. Its managed services include Analytic-as-a-Service, Testing-as-a-Service, data factory, requirements factory, robotics process automation, loyalty programs, etc.; and managed hosting services comprising monitoring and management of off-premises infrastructure.

Quant provides services across enterprise data portfolio, cloud and infrastructure, digital transformation, enterprise QA etc. It serves verticals, such as banking, capital markets, insurance, retail, airlines, telecom, and e-Governance worldwide.

At the acquisition date, the key inputs used in determination of the fair value of contingent consideration are the probabilities assigned towards achievement of financial targets and discount rate of 6%. The undiscounted value of contingent consideration as of March 31, 2023 was ₹ 78,619 lakhs.

Fair value of trade receivables acquired, is ₹ 6,495 lakhs as of acquisition date and the amounts are collectable.

Transaction costs that the Group incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred. The transaction costs of ₹ 1,267 lakhs related to the acquisition have been recognized in the consolidated statement of profit and loss for the year ended March 31, 2023.

The purchase price has been allocated based on management's estimates and independent appraisal of fair value as follows:

₹ in lakhs

	Purchase price allocation
Net assets taken over*	12,084
Intangible assets:	
Customer relationships**	38,039
Customer contracts**	5,853
<b>Total intangible assets</b>	<b>43,892</b>
Goodwill	86,223
Deferred tax liabilities on intangible assets	(11,851)
<b>Total purchase consideration</b>	<b>130,348</b>

\*Include cash and cash equivalents of ₹ 8,772 lakhs

\*\*The excess earnings attributable to customer relationships and customer contracts calculated were discounted to present value using an appropriate discount rate under the income approach method.

Net Assets comprises of:

₹ in lakh

	Purchase price allocation
Non cash working capital	857
Property, plant and equipment	259
Other receivables	2,530
Investments	670
Cash and cash equivalents	8,759
Other financial liabilities	(176)
Deferred tax liabilities	(815)
<b>Net assets taken over</b>	<b>12,084</b>

Goodwill comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

Goodwill is not tax deductible.

The fair value of each major class of consideration as at the acquisition date is as follows:-

₹ in lakh	
Nature of Consideration	Amount
Quant Systems Inc. USA:	
Upfront payment	57,960
Deferred payment	72,388
<b>Total purchase consideration</b>	<b>130,348</b>

#### Deferred contingent consideration remeasurement

Quant Systems Inc.

The Company has re-measured the fair value of the contingent consideration payable to be USD 105.42 mn (INR 87,719 Lakhs), thereby an increase of USD 17.12 mn (INR 14,244 Lakhs).

#### Encore Software Services, Inc.

The Company has re-measured the fair value of the contingent consideration payable, which has resulted in the change in fair value by USD 3.87 mn (INR 3,222 Lakhs) to USD 13m ( INR 10,807 Lakhs)

The above changes in fair value of contingent consideration payable amounting to USD 20.99 mn (INR 17,466 Lakhs) is owing to better financial performance of the acquired entities and are recorded in the Statement of Profit and Loss. The Management has disclosed the above changes in fair value as an 'exceptional item', considering the significance of the amount and its non-recurring nature.

## 40 Assets held for sale

As at March 31, 2023, building was classified as held for sale. The said assets are sold during the current year at cost without any gain/loss.

## 41 Corporate Social Responsibility

As per Section 135 of Companies Act, 2013 a company meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Group as per the Companies Act, 2013. The CSR initiatives are focused towards the areas of education, healthcare, livelihood support, conserving art and economic empowerment of Artisans through technological support, diversity and inclusion, water conservation, wildlife conservation, digital skilling, LGTBQ+ Inclusion, special education to empower hearing-impaired students, cultural heritage.

- (i) Gross amount required to be spent by the Group during the year is ₹ 734 lakhs (Previous year is ₹ 669 lakhs)
- (ii) Amount spent during the year is ₹ 690 lakhs (Previous year is ₹ 720 lakhs)

For the year ended March 31, 2024

₹ in lakhs

Particulars	In cash	Yet to be paid in cash	Total
Construction / acquisition of any asset	-	-	-
On purposes other than above	690	-	690
<b>Total</b>	<b>690</b>	-	<b>690</b>



For the year ended March 31, 2023

₹ in lakhs

Particulars	In cash	Yet to be paid in cash	Total
Construction / acquisition of any asset	-	-	-
On purposes other than above	720	-	720
<b>Total</b>	<b>720</b>	<b>-</b>	<b>720</b>

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

(iv) Excess amount spent:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening balance	(51)	-
Add: Amount required to be spent during the year	734	669
Less: Amount Spent during the year	690	720
<b>Closing balance ( short / (excess) spent)</b>	<b>(7)</b>	<b>(51)</b>

## 42 Earnings per share

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

₹ in Lakhs

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Basic EPS	Diluted EPS	Basic EPS	Diluted EPS
Profit after tax attributable to equity shareholders (₹ in Lakhs) (a)	30,850	30,850	45,190	45,190
Weighted average number of equity shares outstanding during the year*	280,370,595	280,370,595	280,424,816	280,424,816
Weighted average number of potential equity shares exercised by Sonata Software Limited Employee Welfare Trust	(2,872,340)	(2,872,340)	(3,015,004)	(3,015,004)
Weighted average number of equity shares resulting from assumed exercise of employee stock options	-	473,163	-	-
Weighted average number of equity shares for calculation of earning per share (b)	277,498,255	277,971,418	277,409,812	277,409,812
Basic earning per share (a/b)	11.12		16.29	
Diluted earning per share (a/b)		11.10		16.29

\* Includes issue of 138,769,238 bonus shares during the current year.

### 43 Distributions made and proposed (Refer note 13):

The Board of Directors at their meeting held on October 25, 2023 had declared an interim dividend of 700% (₹ 7 per equity share (pre-bonus issue) of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on May 7, 2024 have recommended a final dividend of 440% (₹ 4.4 per equity share (post-bonus issue) of par value ₹ 1 each), which is subject to approval of shareholders.

The Board of Directors at their meeting held on October 18, 2022 had declared an interim dividend of 700% (₹ 7 per equity share of par value of ₹ 1 each). Further, the Board of Directors at its meeting held on May 13, 2023 have recommended a final dividend of 875% (₹ 8.75 per equity share of par value ₹ 1 each), which is subject to approval of shareholders.

44 There is no amount due or outstanding as at Balance Sheet date to be credited to the Investor Education and Protection Fund.

45 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 persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

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

#### 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 : Mumbai

Date : May 07, 2024

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

##### Pradip P Shah

Chairman

##### Jagannathan C N

Chief Financial Officer

##### Mangal Krishnarao Kulkarni

Company Secretary

Place : Mumbai

Date : May 07, 2024

##### Samir Dhir

Managing Director & CEO

##### R Sathyanarayana

VP - Finance & Accounts

Place : Mumbai

Date : May 07, 2024

# BOARD'S REPORT

## SONATA INFORMATION TECHNOLOGY LIMITED (THE 'COMPANY')

Dear Members,

Your Directors have pleasure in presenting before you the Twenty Fourth Board's Report of your Company together with the Audited Financial Statements for the Financial Year ended March 31, 2024.

### FINANCIAL RESULTS

Your Company's financial performance for FY 2024 is summarised below:

₹ in Lakhs

Description	Financial Year ended 31.03.2024	Financial Year ended 31.03.2023
Total income	601,478	558,208
Total expenditure	578,646	538,524
EBITDA	22,832	19,684
Depreciation and amortization expense	234	181
Finance cost	673	611
Profit before tax	21,925	18,892
Provision for tax (Net)	5,591	4,768
Profit after tax	16,334	14,124
Earnings in ₹ per share	483.91	417.87

### BUSINESS PERFORMANCE

Your Company has been focusing on setting up cloud infrastructure for customers and helping them in their digital transformation journey. In the public cloud infrastructure, your Company has been focusing on 4 large Hyperscalers like Microsoft Azure, AWS, Google Cloud and Oracle cloud. Your Company also offers multi cloud managed services for the customers. Your Company has been focusing on Cloud Security and Software Integration business and had a large win during the year under review.

### OUTLOOK IN BUSINESS

Your Company is looking at increasing the number of customers in Managed Services for different Hyperscalers, and Cloud Security businesses. Our focus continue to help customers in their digital transformation journey.

### DIVIDEND / TRANSFER TO RESERVES

Considering the better liquidity position of the Company, your Directors are pleased to recommend a final dividend of ₹ 266.63/- per equity share (amounting to ₹ 90 Crores) on shares of par value of ₹ 10/- each (i.e., 2666.3%) for the financial year ended March 31, 2024, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company. The Dividend shall be subject to deduction of income tax at source. The First Interim Dividend was of ₹ 162.94 /- per equity share and Second Interim Dividend was of ₹ 88.88 /- per equity share adding up to a total dividend of ₹ 518.45/- per equity share for Financial Year 2023-24.

Your Company has not transferred any amounts to reserve for the Financial Year ended March 31, 2024.

The paid-up share capital of your Company is ₹ 33,753,940/- divided into 3,375,394 equity shares of ₹ 10 /- each fully paid up. Your Company has not come out with any issue (public, rights or preferential) during the Financial Year under review.

## BOARD MEETINGS

During the year under review, the Board of Directors met 4 (Four) times. The Board Meetings were held on 03<sup>rd</sup> May 2023, 28<sup>th</sup> July 2023, 25<sup>th</sup> October 2023 and 01<sup>st</sup> February 2024. The maximum interval between any two meetings did not exceed one hundred twenty (120) days, as prescribed under the Companies Act, 2013.

## BOARD OF DIRECTORS AND OTHER MANAGERIAL PERSONNEL

Mr. P Srikar Reddy (DIN: 00001401) Director, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting ("AGM"). Brief profile of Mr. P Srikar Reddy is given in the notes to the Notice of the ensuing AGM. The Board has recommended his re-appointment by the members at the ensuing AGM.

Your Company's Board comprises an optimum combination of Executive and non-executive Directors including one Independent Director. The Directors of your Company, as on 31st March, 2024 are as under:

Mr. Sujit Mohanty, Managing Director & CEO

Mr. Samir Dhir, Director

Mr. P Srikar Reddy, Director

Ms. Radhika Rajan, Independent Director

During the year under review, your Company has not appointed any Director.

## INDEPENDENT DIRECTOR

Your Company has received necessary declaration from Ms. Radhika Rajan, Independent Director under Section 149(7) of the Companies Act, 2013, that she meets the criteria of Independence, as laid down in Section 149(6) of the Companies Act, 2013. She has confirmed compliance with the Company's Code of Conduct. She also further confirmed that she has registered her name in the Independent Directors' Databank.

## DIRECTOR'S RESPONSIBILITY STATEMENT

In pursuance of Section 134 (3)(c) read with Section 134 (5) of the Companies Act, 2013, the Directors, based upon the information and explanations obtained and also documents made available and to the best of their knowledge and belief, hereby confirm that:

- in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the Annual Accounts on a going concern basis; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## MATERIAL CHANGES AND COMMITMENTS

During the year under review and upto the date of this Report, there has been no material change and commitment affecting financial position of your Company.

## AUDIT COMMITTEE

The Audit Committee comprises of Ms. Radhika Rajan, Chairperson, Mr. P Srikar Reddy, Mr. Sujit Mohanty and Mr. Samir Dhir as its members. During the year under review, the Committee met 4 (Four) times. The Committee Meetings were held on 03<sup>rd</sup> May 2023, 28<sup>th</sup> July 2023, 25<sup>th</sup> October, 2023 and 01<sup>st</sup> February, 2024 and recommendations made by the Audit Committee, during the Financial Year under review, have been accepted by the Board of Directors.

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee comprises of Ms. Radhika Rajan, Chairperson, Mr. P Srikar Reddy, Mr. Sujit Mohanty and Mr. Samir Dhir as its members. The Committee met 4 (four) times during the year under review. i.e., on 03<sup>rd</sup> May, 2023, 28<sup>th</sup> July, 2023, 25<sup>th</sup> October, 2023 and 01<sup>st</sup> February, 2024. The brief outline of the Corporate Social Responsibility ("CSR") Policy of the Company and the initiatives undertaken by the Company on CSR activities during the year are set out in **Annexure II** of this Report as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014, as amended.

## QUALIFICATIONS IN AUDIT REPORTS

Your Company confirms that there are no qualifications, reservations or adverse remarks in the Statutory Auditor's Report and Secretarial Audit Report for the year under review. The contents of the said Reports are self-explanatory and need no further explanation.

## STATUTORY AUDITORS

M/s B S R & Co. LLP, Chartered Accountants, Bengaluru, (Firm Registration No. 101248W/W100022) were appointed as Statutory Auditors of the Company from the conclusion of Twenty Second (22<sup>nd</sup>) AGM till conclusion of Twenty Seventh (27<sup>th</sup>) AGM of the Company, to be held in 2027, as required under Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as amended.

For the year under review, the Statutory Auditors have confirmed that they satisfy the independence criteria required under the Companies Act, 2013 and the Code of Ethics issued by the Institute of Chartered Accountants of India.

The Auditors' Report contains 'Unmodified Opinion' on the financial statements of the Company, for the year ended March 31, 2024 and there are no qualifications, reservations or adverse remarks in their Report.

## SECRETARIAL AUDITOR

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed Mr. Parameshwar G Hegde, Practicing Company Secretary as the Secretarial Auditor for the Financial Year 2023-24 at the Board Meeting held on 25<sup>th</sup> October, 2023 to conduct Secretarial Audit of your Company. The Secretarial Audit Report in Form MR-3 for the Financial Year ended March 31, 2024 is annexed to this Report as **Annexure I**. The report does not contain any qualifications, reservations, or adverse remarks.

## REPORTING OF FRAUDS BY AUDITORS

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

## MAINTENANCE OF COST RECORDS AND APPOINTMENT OF COST AUDITOR

During the year under review, the provisions of Companies (Cost Records and Audit) Rules, 2014 were not applicable to your Company.

## SECRETARIAL STANDARDS

During the year under review, your Company has complied with the provisions of the Secretarial Standard-1 on Meetings of the Board of Directors (i.e., SS-1) and Secretarial Standard-2 on General Meetings (i.e., SS-2) which were issued by the Institute of Company Secretaries of India.

## ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Company has placed a copy of the Annual Return as at 31<sup>st</sup> March, 2024 on website at <https://www.sonata-software.com/about-us/investor-relations/corporate-governance>

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

### A. CONSERVATION OF ENERGY

The Company commits itself to energy saving, as stated in its Sustainability Policy, and is tirelessly trying to improve Energy saving within facilities. Being in the services sector, the company does not have significant energy-intensive operations, but it has always sought ways to run more effectively and preserve energy, including the use of modern technology and innovation. Every effort has been made to increase energy efficiency, reduce waste, and save energy. The company continues to adopt the following energy-saving activities as part of a continuous practice of energy conservation:

- Operational optimization of engineering equipment during non-operational hours.
- Provided low-flow aerators for all hand washbasin sensor taps & provision of low-flow faucets at pantry & cafeteria dishwashing area.
- For AHUs provided back damper's which gets closed when one of the AHUs is switched OFF. This avoids the air leakage.
- Insulating the AHU area from the rest of the areas to increase the effective usage of cooling and to increase efficiency.
- Space Temperature Set-points changed to 24<sup>o</sup> C.
- Optimizing DG A-Check frequency for reduction of emissions.
- Ensure complete removal of dead loads during weekends, including turning off or unplugging heating elements of vending machines, switching off lighting circuits, and cutting off all manually operated loads.
- Renewable energy is used for the electricity requirement of Sonata Global Village offices in Bengaluru. This is a testament to the Company's commitment to reducing the carbon footprint.
- The washroom water management system named HUIDA helps to reduce the water consumption significantly.



## B. TECHNOLOGY ABSORPTION

During the Financial Year under review, your Company continued its priority focus on building advanced competencies in areas around Cloud & Data Modernisation and Hybrid Infrastructure Management. We signed new partnership contracts with many reputed manufacturers & OEMs and expanded some of our existing partnerships to offer better & larger set of our service offerings to our customers in India, around Cloud & Security modernisation & Hybrid System Integration. Substantial efforts and investments have been made to strengthen our partnership levels with all the leading cloud platforms for addressing the upcoming demands for adoption and implementation of AI tools requirements of Indian customers.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, Foreign Exchange outgo on account of travelling, royalty, import of traded products, etc. was ₹ 23,599 Lakhs and Foreign Exchange inflow on account of software services rendered, sales of traded products exports and interest income was ₹ 251,257 Lakhs.

## PARTICULARS OF EMPLOYEES

Information as required under the provisions of Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, are not applicable to your Company.

## PUBLIC DEPOSITS

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

## AWARDS & RECOGNITION

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

- a. Adobe- Enterprise partner of the year.
- b. Redhat-Strategic partner South Region.
- c. Freshworks- Emerging Strategic partner of the year.
- d. Siemens Value Added Reseller for SME category in Jan 2023.
- e. F5 Networks's Preferred Partner Award.
- f. IBM Best partner of the year.
- g. Microsoft - Partner of the Year for Manufacturing, ITES and Digital Natives.

## HUMAN RESOURCES MANAGEMENT

Your Company continues to make investments in attracting and onboarding quality talent across levels and locations including new geographies such as Egypt, Malaysia and Mexico.

FY'24 assumes significance for your Company for being recognized as the Most Preferred Employer (IT/ITES) 2023-2024. This award is testimony to our people-centric philosophy and practices including investments in upskilling.

Our Return-to-Work program saw a very significantly large percentage of team members returning to office, mostly in a hybrid mode. This gave an impetus to increased in-person interactions, camaraderie, teamwork and belongingness.

We made significant strides in furthering our D&I charter including the launch of the D&I policy, SWAN employee resource groups, manager training and policies.

As the Company continues to scale and grow, it was important to clarify and convey our Ways of Working towards customers, team members, partners and other stakeholders through our AGILE framework which stands for Action, Growth, Integrity, Learning and Empathy.

With GenAI becoming an area of focus, we designed and deployed capability building programs at multiple levels to build a ready talent pool through trainings and certifications. In addition, to accelerate AI adoption within Sonata, a tool was built and deployed to assist employees with queries and other information.

Further details are provided elsewhere in the Annual Report.

## INTERNAL FINANCIAL CONTROLS

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

Assurance on the effectiveness of internal financial controls is done through management reviews and review by Internal Auditors and Statutory Auditors during the course of their audits. The internal financial controls provide reasonable assurance that they are designed effectively with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use, executing transactions with proper authorization and ensuring compliance with Company's policies. The Audit Committee reviews the reports submitted by Internal Auditors, consider suggestions for improvement and thereafter takes corrective actions.

Sonata's management assessed the effectiveness of the Company's internal control over financial reporting as of 31<sup>st</sup> March, 2024, B S R & Co. LLP, the Statutory Auditors have audited the financial statements included in this Annual Report and have issued an attestation report on the Company's Internal Control over financial reporting. The Audit Committee also meets statutory and internal auditors to ascertain, inter alia, their views on the adequacy of internal control systems and keeps the Board of Directors informed of its major observations periodically. Based on its evaluation, the Audit Committee has concluded that, as of 31<sup>st</sup> March, 2024, the Company's internal financial controls were adequate and operating effectively.

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

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

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, your Company has taken Inter Corporate Deposits at prevailing bank lending rate from its Holding Company, Sonata Software Limited and its other subsidiary, Sonata Software Solutions Limited for meeting its working capital requirements. Further, the Company has given Inter Corporate Deposits at prevailing bank lending rate to its fellow subsidiary, Sonata Software Solutions Limited. There is no outstanding balance as on 31<sup>st</sup> March 2024. The maximum amount outstanding at any point of time during the Financial Year has been ₹ 10,370 Lakhs. Also, at the request of your Company, Sonata Software Limited, Holding Company has given corporate guarantees to the below mentioned parties for facilitating the business needs of your Company. The outstanding amount as on 31<sup>st</sup> March 2024 is as below:

Name of the Party to whom guarantee has been extended.	Amount (in Lakhs)
IBM India Limited	500
Microsoft Corporation (India) Private Limited	33,360

## RISK MANAGEMENT

Your Company shares a group risk management policy formulated and adopted by Sonata Software Limited (Holding Company). The Risk Management framework, strategies and practices seek to sustain our long-term vision and mission. The Risk Management Policy, inter alia, includes identification therein of elements of risk, including those which in the opinion of the Board may threaten the existence of the Company. Risk management process has been established across the Company and is designed to identify, assess and frame a response to threats that affect the achievement of its objectives. Further, it is embedded across all the major functions and revolves around the goals and objectives of the organisation.

## CORPORATE SOCIAL RESPONSIBILITY (“CSR”):

During the Financial Year under review, your Company has spent ₹ 2,66,96,250/- towards CSR activities.

Your Company shares a group CSR Policy formulated and adopted by Sonata Software Limited (Holding Company) and as a part of your Company's implementation program, it has identified and participated in many initiatives, including the following:

- Your Company has supported MAP (Museum of Art and Photography) for Building an Ecosystem for Diversity & Inclusion of Women in India through the Visible & Invisible Program. VISIBLE/INVISIBLE, an exhibition, explores the representation of women through artworks in the collection. It attempts to re-address preconceived notions of femininity and gender as a social construct through art history by providing a more inclusive understanding towards it.
- Your Company partnered with Samatvam Trust to provide 24/7 medical attention and supplies to poor children and teens with Type 1 diabetes. This programme provides a grant to support a Matching Grant Programme, serves as a crowd sourcing platform for Samatvam Programmes, and supports the “Disha” and “DOSTI” initiatives on the MILAAP Crowd Sourcing Platform.
- Your Company supported AFPI (Academy of Family Physicians of India) by providing grant to the Program that helps to provide a Grant to the AFPI to support Primary Healthcare Leadership Fellowship program of AFPI.
- Your Company's CSR program has provided scholarships for 6 underprivileged engineering girls at SKSVMA College of Engineering to further their technical studies. This program awards a grant to the trust to help eligible students. The Company has been contributing funding for the scholarships for the past three years. Your Company scholarships to further their studies in Computer Science/Information Systems and Electronics & Communication.
- Your Company has worked with the Deccan Heritage Foundation towards the Preservation of Cultural Heritage by supporting the restoration of Rang Mahal at Hyderabad.
- Your Company has helped train athletes and para-athletes in 8 disciplines, including shooting, badminton, archery, cycling, boxing, wrestling, powerlifting, and athletics, for the Paris 2024 Olympics and Paralympics. Your Company is happy to be connected with the Olympic Gold Quest (OGQ) and its objective to help Indian athletes. The CSR award is being used to fund local and international training, sports science, coaching, equipment, athlete management, and performance monitoring.
- Your Company has partnered with the Centum Foundation to promote education and increase career opportunities for impoverished, diverse youngsters in the IT field. This engagement will give a Full Stack Development course to 500 beneficiaries, including 300 women, 100 particularly abled students, and 100

other underserved students, as well as placement support.

- Your Company is partnering with Farmers for Forest (Efficient Ecosystem Protection Association) for the plantation of trees and development of Miyawaki forest for better biodiversity in urban areas and lowering carbon emissions to the environment by planting 5,000 trees in Nrityagram, Bengaluru.
- Your Company has provided a grant to Swasti for a project that works on diversity and inclusion in society, providing the Telecare health service to LGBTQ+ Community.
- Your Company has worked with Wildlife SOS for wildlife conservation. The project focuses on the rescue of dancing sloth bears and providing shelter and healthy conditions.
- Your Company in partnership with Ashray Akruti has worked on empowering hearing-impaired students from lower socio-economic backgrounds providing them special education to include them in the mainstream society.
- Your Company, in collaboration with NIIT foundation is providing digital skilling to underprivileged students. The program includes providing a Certificate Program in CCNA (Hardware and Networking), AI & Data Analytics, and Web Development courses to the beneficiaries from underserved communities targeting 300 Beneficiaries which include female youth, specially-abled and LGBTQIA+ community.

## BOARD EVALUATION

During the year under review, as mandated by the Companies Act, 2013, your Company conducted an exercise to evaluate the performance of the Board, Committees of the Board, Chairperson of the Board, Individual Directors and the Independent Director. As part of the evaluation process, individual criteria for each of the exercise was formulated. From these, formal questionnaire listing various parameters on which each of the categories were required to be evaluated was shared with each member of the Board / Committee / Director. They were then required to rate individually on each of the parameters pursuant to the provisions of Companies Act, 2013. The outcome of the Board Evaluation for the financial year 2023-24 was discussed by the Independent Director/ Board /Committees. The Board expressed satisfaction over the actions taken in improving Board effectiveness based on feedback given in the previous year.

## VIGIL MECHANISM & SEXUAL HARRASMENT

Your Company shares a group Vigil Mechanism & Whistle Blower Policy formulated and adopted by Sonata Software Limited (Holding Company). This policy provides a secure framework to report genuine concerns about unethical behaviour, actual or suspected fraud, theft, bribery, misappropriation of Company funds, financial reporting violations, misuse of intellectual property, mismanagement, significant environmental, safety or product quality issues, discrimination, actual or potential conflicts of interest, violation of Company's rules, Company's policies or violation of Code of Conduct of your Company. The said policy has been communicated to the employees.

Sonata Software Limited (Holding Company) has formulated and adopted a policy on 'Prevention of Sexual Harassment' which is in line with the requirements of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. This policy extends to your Company and through this policy, complaints are monitored by a Committee duly constituted for protection against sexual harassment. No complaints were received under this policy during the year under review. Regular trainings and workshops on gender sensitization and awareness about the POSH Act are conducted for all employees, new joiners, SMT, women employees and the members of the Internal Committee.

The Company affirms that no employee has been denied access to the Audit Committee during the Financial Year 2023-24.

## RELATED PARTY TRANSACTIONS

All related party transactions are placed on a quarterly basis before the Audit Committee and before the Board for approval. Prior omnibus approval of the Audit Committee and the Board and shareholders is obtained for the transactions which are foreseeable and are of a repetitive nature. Particulars of Contracts or Arrangements with related parties referred to in Section 188(1) of the Act details provided in format AOC-2 as **Annexure III**.

## JUSTIFICATION FOR ENTERING INTO RELATED PARTY TRANSACTIONS:

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

## OTHER DISCLOSURES

- a) Your Company has not issued shares with differential voting rights and sweat equity shares during the year under review.
- b) There are no proceedings initiated/pending against your Company under the Insolvency and Bankruptcy Code, 2016 which materially impact the business of the Company.
- c) There were no instances where your Company required the valuation for one time settlement or while taking the loan from the Banks or Financial institutions.

## ACKNOWLEDGEMENTS

Your Directors take this opportunity and place on record their gratitude for all the guidance and co-operation received from all its clients, vendors, bankers, financial institutions, business associates, advisors, regulatory and government authorities. Your Directors also take this opportunity to thank all its Shareholders and Stakeholders for their continued support and look forward to their continued support in the future and all the Sonatians for their valuable contribution and dedicated service. The consistent growth was made possible by their hard work, solidarity, cooperation and support.

**FOR AND ON BEHALF OF THE BOARD**

**Sujit Mohanty**  
Managing Director & CEO

**Samir Dhir**  
Director

Place: Mumbai  
Date: 7<sup>th</sup> May, 2024

# ANNEXURE I

## Form No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2024

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

To,  
The Members,  
**Sonata Information Technology Limited**  
No. 208, T V Industrial Estate, S. K. Ahire Marg, Worli, Mumbai - 400030  
Maharashtra, India

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2024, complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **March 31, 2024** according to the provisions of:

- i. The Companies Act, 2013 ("the Act") and the rules made thereunder;
- ii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment, if any; (Not applicable during the audit period.)  
and
- iii. Other laws applicable specifically to the Company, namely:
  - a) The Information Technology Act, 2000 and the rules made thereunder;
  - b) The Special Economic Zones Act, 2005 and the rules made thereunder;
  - c) Software Technology Parks of India rules and regulations; (Not applicable during the audit period)
  - d) The Indian Copyright Act, 1957; (Not applicable during the audit period)
  - e) The Patents Act, 1970; (Not applicable during the audit period)
  - f) The Trade Marks Act, 1999. (Not applicable during the audit period)

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

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

**I further report that**, being an unlisted Company, during the audit period, the following Acts and the rules and



regulations made thereunder were not applicable to the Company:

- i. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- ii. The Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations and Guidelines made/issued thereunder; and
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

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

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

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

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

**I further report that**, based on the information provided and the representation made by the Company and also on the review of the compliance certificates/reports taken on record by the Board of Directors of the Company, in my opinion, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

Place: Bengaluru  
Date: 7<sup>th</sup> May, 2024

**P.G. HEGDE**  
Hegde & Hegde  
Company Secretaries  
FCS: 1325 / C.P.No: 640  
UDIN: F001325F000314033

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

# Annexure A

To,

The Members

**Sonata Information Technology Limited**

Mumbai

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

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

Place: Bengaluru

Date: 7<sup>th</sup> May, 2024

**P.G. HEGDE**

Hegde & Hegde

Company Secretaries

FCS: 1325 / C.P.No: 640

UDIN: F001325F000314033

# Annexure II

1. Brief outline on CSR Policy of the Company:

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

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

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Ms. Radhika Rajan	Chairperson	4	4
2	Mr. P. Srikar Reddy	Member	4	4
3	Mr. Sujit Mohanty	Member	4	4
4	Mr. Samir Dhir	Member	3	3

3. Web-link of the Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

Composition of CSR Committee: <https://www.sonata-software.com/sites/default/files/financial-reports/2023-05/sitl-committes.pdf>

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

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

4. Executive summary along with web-link(s) of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report): Not Applicable

5. (a) Average net profit of the company as per section 135(5): 13221.31 Lakh  
 (b) Two percent of average net profit of the company as per section 135(5): 264.42 Lakh  
 (c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: 0  
 (d) Amount required to be set off for the financial year, if any: 3.37 Lakh  
 (e) Total CSR obligation for the financial year (5b+5c-5d): 261.05 Lakh
6. (a) Amount spent on CSR Projects (both ongoing projects and other than Ongoing Project): 254.25 Lakh  
 (b) Amount spent in Administrative Overheads: 12.71 lakh  
 (c) Amount spent on Impact Assessment, if applicable: Not Applicable  
 (d) Total amount spent for the Financial Year (6a+6b+6c): 266.96 lakh  
 (e) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year (in Lacs)	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
266.96	NIL	NA	NA	NA	NA

(f) Excess amount for set off, if any

₹ in Lakhs

Sl. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per Section 135(5)	264.42
(ii)	Total amount spent for the Financial Year	266.96
(iii)	Excess amount spent for the financial year [(ii)-(i)]	2.54
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	3.36
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	5.90

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

1	2	3	4	5	6		7	8
					Amount (in ₹)	Date of Transfer		
Sl. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in ₹)	Amount Spent in the Financial Year (in ₹)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in ₹)	Deficiency, if any
1	FY-22-23	Nil	NA	NA	NA	NA	NA	NA
2	FY-21-22	Nil	NA	NA	NA	NA	NA	NA
3	FY-20-21	Nil	NA	NA	NA	NA	NA	NA

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

Yes  No If Yes, enter the number of Capital assets created/ acquired 

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

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

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

9. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): Not applicable.

**Sujit Mohanty**  
Managing Director & CEO

Date: 7<sup>th</sup> May, 2024  
Place: Mumbai

**Radhika Rajan**  
Chairperson of CSR Committee

# ANNEXURE III

## Particulars of contracts / arrangements made with related parties

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

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

There was no Contract / arrangement / transaction entered into during the Financial Year ended March 31, 2024, which was not at arm's length basis and not in ordinary course of business.

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

₹ in Lakhs

Name of the Related Party	Sonata Software Limited	Sonata Software North America Inc.	Quant Cloud Solutions Private Limited	Sonata Software Solutions Limited	Gapbuster Worldwide Pty Ltd
Nature of Relationship	Holding Company	Fellow subsidiary	Fellow subsidiary	Fellow subsidiary	Fellow subsidiary
<b>Nature Of Contracts/ Arrangements/ Transactions :</b>					
Revenue from software product and licenses	10,273	3	35	30	18
Inter- corporate borrowings taken	14,570	-	-	5,300	-
Inter- corporate borrowings repaid	14,570	-	-	5,300	-
Inter- corporate deposit given				250	
Inter corporate borrowings recovered				250	
Interest expense on inter- corporate deposit paid	38	-	-	28	-
Interest received on inter-corporate deposit				1	
Rent paid	107	-	-	-	-
Dividend paid	18,500	-	-	-	-
Commission paid on corporate guarantees	337	-	-	-	-

**Notes:**

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

**FOR AND ON BEHALF OF THE BOARD**

**Sujit Mohanty**  
Managing Director & CEO

Place: Mumbai  
Date: 7<sup>th</sup> May, 2024

**Samir Dhir**  
Director



# INDEPENDENT AUDITOR'S REPORT

## To the Members of Sonata Information Technology Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Sonata Information Technology Limited (the "Company") which comprise the balance sheet as at 31 March 2024, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information (in which is included the financial information of 1 branch).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2 A. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as

it appears from our examination of those books except for the matters stated in the paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

- c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e. On the basis of the written representations received from the directors as on 01 April 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.
  - f. The reservations relating to the maintenance of accounts and other matters connected therewith are as stated in the 2A(b) above on reporting under Section 143(3)(b) and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.
  - g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us
- a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements - Refer Note 22 to the financial statements.
  - b. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 24 to the financial statements.
  - c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - d.
    - (i) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 36 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (ii) The management has represented that, to the best of its knowledge and belief, as disclosed in the Note 36 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
    - (iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

- e. The final dividend paid by the Company during the year, in respect of the same declared for the previous year, is in accordance with Section 123 of the Act, to the extent it applies to payment of dividend.

As stated in Note 31 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend declared is in accordance with Section 123 of the Act, to the extent it applies to declaration of dividend.

The interim dividend declared and paid by the Company during the year and until the date of this audit report is in accordance with Section 123 of the Act.

- f. Based our examination which included test checks, except for the instances mentioned below, the Company has used accounting software for maintaining its books of accounts, which have a feature of recording audit trail, (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in respective software:

- (i) The feature of recording audit trail (edit log) facility was not enabled at the application layer of the primary accounting software used for maintaining books of accounts for the period 1 April 2023 to 18 October 2023.
- (ii) In the absence of SOC 1 Type 2 Report in relation to controls at service organization for the primary accounting software used for maintaining books of accounts and the accounting software relating to revenue process, which are operated by a third-party service provider, we are unable to comment on whether the feature of recording audit trail (edit log) facility was enabled at the database level to log any direct data changes.
- (iii) In the absence of SOC 1 Type 2 report in relation to controls at a service organization for the accounting software used for maintaining books of accounts relating to payroll process, which is operated by a third-party service provider, we are unable to comment on whether the audit trail feature of the said software was enabled and operated for the period 1 January 2024 to 31 March 2024.

Further, we have not come across any instance of the audit trail feature being tempered with, except for (ii) and (iii) above, for which we are unable to comment whether the audit trail feature has been tempered with. In case of (i), the question of audit trail being tempered with doesn't arise since audit trail (edit log) facility was not enabled.

- C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

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

Chartered Accountants

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

**Amrit Bhansali**

Partner

Membership No.: 065155

ICAI UDIN:24065155BKEYNP8342

Place: Mumbai

Date: 07 May 2024

## **Annexure A to the Independent Auditor's Report on the Financial Statements of Sonata Information Technology Limited for the year ended 31 March 2024**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.  
(B) The Company does not hold any intangible assets, thus reporting under clause 3(i)(a)(B) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) The Company does not have any immovable property (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee). Accordingly, clause 3(i)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.
- (ii) (a) The Company is a service company, primarily rendering information technology solutions, software development services and re-selling software and hardware products of various companies. Accordingly, it does not hold any physical inventories. Accordingly, clause 3(ii)(a) of the Order is not applicable.  
(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. In our opinion, the quarterly returns or statements filed by the Company with such banks or financial institutions are materially in agreement with the books of account of the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the record of the Company, the Company has granted loan during the year in respect of which the requisite information is as below. The Company has not made investment, provided guarantee or security, granted advances in the nature of the loan, secured or unsecured to companies, firms, limited liability partnership partnership and other parties during the year.
  - (a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has provided loan to Sonata Software Solutions Limited (fellow subsidiary). The aggregate amount of such loan during the year is Rs. 250 lakhs and balance outstanding as at balance sheet date is nil.
  - (b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the terms and conditions of the grant of loan during the year are, prima facie, not prejudicial to the interest of the Company.

- (c) According to the information and explanation given to us and on the basis of our examination of the records the Company, there is one loan given by the Company to M/s Sonata Software Solutions Limited (fellow subsidiary) of Rs. 250 lakhs, which was repayable on demand. The principal amount and interest were repaid on demand during the year, without any defaults. Further, the Company has not given any advance in the nature of loan to any other party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any other party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment except for the following loan to its related party as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

	Related Parties (in Rs. lakhs)
Aggregate of loans/advances in nature of loan - Repayable on demand	250
Percentage of loans/advances in nature of loan to the total loans	100%

Further, the Company has not given any advance in the nature of loan to any other party during the year.

- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of loan given by the Company, in our opinion the provisions of Section 186 of the Act has been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the services provided, software and hardware products sold by the Company. Accordingly, clause 3(vi) of the Order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax or Cess or other statutory dues have generally been regularly deposited by the Company with the appropriate authorities. As explained to us, the Company does not have any dues on account of Duty of Customs.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax,



Provident Fund, Employees State Insurance, Income-Tax or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Income Tax and Goods and Services Tax which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rs. In lakhs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Disallowance of tax benefits u/s 10A of the Income Tax Act, 1961	28,566.74	AY 2002-03, AY 2003-04, AY 2007-08 to AY 2010-11	High Court
Goods and Services Tax Act, 2017	Good and Services Tax	0.99	FY 2023-24	Joint Commissioner of GST (Appeal)
Goods and Services Tax Act, 2017	Good and Services Tax	12.11	FY 2023-24	Joint Commissioner of GST (Appeals)

As explained to us, the Company does not have any disputed dues on account of Provident Fund, Employees State Insurance or Cess or other statutory dues.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2024. Accordingly, clause 3(ix)(e) is not applicable.
- (f) The Company does not hold any investment in any subsidiaries, associates or joint ventures (as defined under the Act) during the year ended 31 March 2024. Accordingly, clause 3 (ix)(f) is not applicable.
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. Accordingly, clause 3(xx)(a) and 3(xx)(b) of the Order is not applicable.

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

Chartered Accountants

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

**Amrit Bhansali**

Partner

Membership No.: 065155

ICAI UDIN:24065155BKEYNP8342

Place: Mumbai

Date: 07 May 2024

## **Annexure B to the Independent Auditor's Report on the financial statements of Sonata Information Technology Limited for the year ended 31 March 2024**

### **Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

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

#### **Opinion**

We have audited the internal financial controls with reference to financial statements of Sonata Information Technology Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date which includes internal financial controls with reference to financial information of 1 branch.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

#### **Management's and Board of Directors' Responsibilities for Internal Financial Controls**

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

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

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

## **Meaning of Internal Financial Controls with Reference to Financial Statements**

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

## **Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

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

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

Chartered Accountants

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

**Amrit Bhansali**

Partner

Membership No.: 065155

ICAI UDIN:24065155BKEYNP8342

Place: Mumbai

Date: 07 May 2024

# Balance Sheet

₹ in Lakhs

Particulars	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

**Amrit Bhansali**

Partner

Membership No. 065155

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

**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



# Statement of Profit and Loss

₹ in Lakhs

Particulars	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
		(73)	(126)
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
		261	(1,795)
<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

**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 Sonata Information Technology Limited**

**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

# Statement of Cash Flows

₹ in Lakhs

Particulars	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>	21,925	18,892
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 (A)</b>	<b>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>

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
<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 (C)</b>	<b>(17,375)</b>	<b>(10,783)</b>
<b>Net increase/(decrease) in Cash and cash equivalents (A+B+C)</b>	<b>(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
	10,354	13,724

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

**Amrit Bhansali**

Partner

Membership No. 065155

Place : Mumbai

Date : May 07, 2024

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

**Sujit Mohanty**

Managing Director & CEO

Place : Mumbai

Date : May 07, 2024

**Samir Dhir**

Director

Place : Mumbai

Date : May 07, 2024

## 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	-	-
<b>Balance at the end of the year</b>	<b>338</b>	<b>338</b>

### (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		
<b>Balance as at April 1, 2022</b>	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)
<b>Total comprehensive income for the year</b>	-	-	<b>14,124</b>	<b>(126)</b>	<b>(1,795)</b>	<b>12,203</b>
Transactions with owners of the company Contributions and distributions						
Payment of cash dividends			(12,509)			(12,509)
<b>Balance as at March 31, 2023</b>	<b>262</b>	<b>450</b>	<b>28,784</b>	<b>(255)</b>	<b>(253)</b>	<b>28,988</b>
<b>Balance as at April 1, 2023</b>	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
<b>Total comprehensive income for the year</b>	-	-	<b>16,334</b>	<b>(73)</b>	<b>261</b>	<b>16,522</b>
Transactions with owners of the company Contributions and distributions						
Payment of cash dividends			(18,500)			(18,500)
<b>Balance as at March 31, 2024</b>	<b>262</b>	<b>450</b>	<b>26,618</b>	<b>(328)</b>	<b>8</b>	<b>27,010</b>

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

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

**Amrit Bhansali**

Partner

Membership No. 065155

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

**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

# 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.

**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 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.

### **e. Financial instruments**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

#### **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.

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.

#### **l. Dividend**

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

#### **m. Foreign currency transactions and translations**

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

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

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

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 compensation right asset, further, the company recognize a compensation right when it recognizes the related allowance for expected credit loss where it is certain that the compensation will be received if the credit loss as 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.

**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.

### 3. Property, Plant and Equipment

#### Tangible assets

₹ in Lakhs

Particulars	Leasehold improvements	Plant and equipment	Office equipments	Furniture and fixtures	Total
Cost					
As at April 1, 2022	112	207	32	22	373
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>
As at April 1, 2023	112	297	35	36	480
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>
Accumulated Depreciation					
As at April 1, 2022	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>
As at April 1, 2023	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>
Net carrying value					
<b>As at March 31, 2024</b>	<b>-</b>	<b>99</b>	<b>4</b>	<b>12</b>	<b>115</b>
<b>As at March 31, 2023</b>	<b>1</b>	<b>107</b>	<b>5</b>	<b>16</b>	<b>129</b>

The breakup for depreciation is given below:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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>

#### Non-Current

#### 4. Other financial assets (Carried at amortised cost, unless otherwise stated)

₹ in Lakhs

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

₹ in Lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
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

₹ in Lakhs

Particulars	As at	
	March 31, 2024	March 31, 2023
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

Particulars	As at March 2024		As at March 2023	
	No. of units	₹ in Lakhs	No. of units	₹ in Lakhs
<b>Investments carried at fair value through profit and loss:</b>				
<b>Investments in mutual funds (quoted)</b>				
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	-	-
<b>Investments carried at amoritised cost:</b>				
<b>Investments in bonds (Quoted)</b>				
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)

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Unsecured*</b>		
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
	93,541	77,278
Unbilled	11,224	4,223
<b>Total</b>	<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.

### 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	
As at March 31, 2024							
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>
As at March 31, 2023							
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

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Balances with banks		
In current accounts	961	1,511
In EEFC accounts	846	817
In deposit accounts with original maturity of less than three 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

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
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)

₹ in Lakhs

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

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
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>

## 9 Equity share capital

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Authorized		
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)		
Issued		
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)		
Subscribed and paid-up		
3,375,394 equity shares of ₹ 10/- each	<b>338</b>	<b>338</b>
(As at March 31, 2023 - 3,375,394 equity shares of ₹ 10/- each)		
<b>Total</b>	<b>338</b>	<b>338</b>

Refer notes (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

Particulars	As at March 31, 2024		As at March 31, 2023	
	No. of shares*	₹ in Lakhs	No. of shares	₹ in Lakhs
<b>Equity shares with voting rights</b>				
Number of shares outstanding at the beginning of the year	3,375,394	338	3,375,394	338
Add: Shares issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	3,375,394	338	3,375,394	338

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

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

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

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

iii) Details of shares held by Holding Company

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Equity shares with voting rights		
Sonata Software Limited (Holding Company) and its nominees	3,375,394	3,375,394
% of holding	100%	100%

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

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Sonata Software Limited (Holding Company) and its nominees		
No. of shares held	3,375,394	3,375,394
% of holding	100%	100%

v) Details of shares held by each promoter

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Sonata Software Limited (Holding Company) and its nominees		
No. of shares held	3,375,394	3,375,394
% of holding	100%	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

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
<b>Capital redemption reserve</b>		
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	262
<b>General reserve</b>	450	450
This represents appropriation of profit by the Company.		
<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.		
<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>

### 11.1 : Lease liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities (Refer note 33)	557	255
<b>Total</b>	<b>557</b>	<b>255</b>



## 11.2. Other financial liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Other liabilities	921	578
<b>Total</b>	<b>921</b>	<b>578</b>

## 12.1 Borrowings

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
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)]

## 12.2 Lease liabilities

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Lease liabilities (Refer note 33)	248	148
<b>Total</b>	<b>248</b>	<b>148</b>

## 12.3 : Trade payables

₹ in Lakhs

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

₹ in Lakhs

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

₹ in Lakhs

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

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
Provision for employee benefits - Compensated absences	77	80
<b>Total</b>	<b>77</b>	<b>80</b>

### 15. Current tax liabilities (net)

₹ in Lakhs

Particulars	As at March 31, 2024	As at March 31, 2023
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>

## 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

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
(a) Income tax expense in the statement of profit and loss consists of:		
<b>Current Tax:</b>		
In respect of current year	5,790	5,336
<b>Deferred Tax:</b>		
In respect of current year	(199)	(568)
<b>Total Income tax expense recognised in the statement of profit and loss</b>	<b>5,591</b>	<b>4,768</b>
(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
<b>Total</b>	<b>63</b>	<b>649</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:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Profit before tax	21,925	18,892
Enacted income tax rate in India	25.17%	25.17%
Computed expected tax expense	<b>5,518</b>	<b>4,754</b>
<b>Tax effect of:</b>		
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)
<b>Income tax expense recognised in the statement of profit and loss</b>	<b>5,591</b>	<b>4,768</b>

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:

₹ in Lakhs

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 cash flow 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:

₹ in Lakhs

Particulars	As at April 1, 2022	Recognised in Profit & Loss	Recognised in Other Comprehensive Income	As at March 31, 2023
Property, plant and equipment	26	-	-	26
Allowances for credit losses	155	57	-	212
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>

## 17.1 Revenue from operations

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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.

₹ 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
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

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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)

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Purchase of stock-in-trade (traded goods)	575,330	533,645
<b>Total</b>	<b>575,330</b>	<b>533,645</b>



## 18.2 Changes in inventories of stock-in-trade

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
Opening Stock		
Stock-in-trade - Hardware/Software product and licenses	2,882	276
	<b>2,882</b>	<b>276</b>
Closing Stock		
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

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023
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>
<b>Note: Payment to auditors comprises (net of input tax credit):</b>		
Statutory audit	20	20
Other services	7	-
Reimbursement of expenses	1	1
	<b>28</b>	<b>21</b>

## 22 Contingent Liabilities

₹ in Lakhs

Particulars	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.

## 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	Amortised cost	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	Amortised cost	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>

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:

₹ in Lakhs

Particulars	Fair value as at		Fair value hierarchy
	As at March 31, 2024	As at 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

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:

₹ in Lakhs

Particulars	Year ended March 31, 2024	Year ended 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)

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

₹ in Lakhs

Particulars	Year ended March 31, 2024	Year ended 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 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	382	342	33,044	28,671
in GBD	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 March 31, 2024	As at March 31, 2023	As at March 31, 2024	As at March 31, 2023
Designated derivative instruments (Sell):	<b>Amount in Lakhs</b>		<b>₹ in Lakhs</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.

### 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	For the year ended 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

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>
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, 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 0.05%/ (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.

**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	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 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.

### 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 or 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.

₹ in Lakhs

Particulars	As at March 31, 2024	As at 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	(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>

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%
<b>Category of funds :</b>		
Secure Fund	33.93%	35.33%
Defensive Fund	30.85%	30.84%
Balanced Fund	35.22%	33.83%

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)	(45)	49	(38)	42
Future salary growth (1% movement)	49	(46)	43	(40)
Employee turnover rate (1% movement)	4	(5)	5	(5)

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:

₹ in Lakhs

Particulars	As at				
	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	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)

#### Maturity profile of defined benefit obligation:

₹ in Lakhs

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 and Above	836	759

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%

The amount included in the balance sheet arising from the entity'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	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%:

₹ in Lakhs

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:

₹ in Lakhs

Particulars	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)

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	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:

₹ in Lakhs

Particulars	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 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)	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

### 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
(a) Holding company	Sonata Software Limited
(b) Fellow subsidiary	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
(c) Post-employment benefit plan (Refer note 27)	Sonata Software Limited Gratuity Fund
	Sonata Software Officers' Superannuation Fund
(d) Key management personnel (KMP)	Mr. P Srikar Reddy, Chairperson
	Mr. Sujit Mohanty, Managing Director & CEO
	Ms. Radhika Rajan, Director
	Mr. Samir Dhir, Director

ii) Transactions with related parties :

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>						
			-	-		

Particulars	Holding Company		Fellow Subsidiary		KMP	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
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		
<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			-	-		
<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	-		

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>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.

### 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	<b>298</b>	<b>418</b>
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:

₹ in Lakhs

Particulars	For the year ended March 31, 2024	For the year ended 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:

₹ in Lakhs

Particulars	As at March 31, 2024	As at 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:

₹ in Lakhs

Particulars	As at March 31, 2024	As at 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:

₹ 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	59	48
Depriciation 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.



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 investments.	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

**Amrit Bhansali**  
Partner  
Membership No. 065155

Place : Mumbai  
Date : May 07, 2024

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

**Sujit Mohanty**  
Managing Director & CEO

Place : Mumbai  
Date : May 07, 2024

**Samir Dhir**  
Director

Place : Mumbai  
Date : May 07, 2024

## SONATA SOFTWARE LIMITED

(CIN: L72200MH1994PLC082110)

**Registered Office:** 208, T V Industrial Estate, 2<sup>nd</sup> floor, S. K. Ahire Marg, Worli, Mumbai – 400 030  
**Corporate Office:** Tower-A, Sonata Towers, Global Village (Sattva Global City), RVCE Post, Kengeri Hobli, Mysore Road, Bengaluru - 560059, India  
**Tel:** 91-80-6778 1000, **E-mail:** info@sonata-software.com,  
**Website:** [www.sonata-software.com](http://www.sonata-software.com)

## NOTICE OF THE TWENTY-NINTH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty-Ninth Annual General Meeting (“**AGM**”) of the Members of **SONATA SOFTWARE LIMITED** will be held on Tuesday, 6<sup>th</sup> August, 2024, at 2:30 p.m. (IST) through video conference (“**VC**”) / other audio-visual means (“**OAVM**”), to transact the following business:

### ORDINARY BUSINESS

#### 1. Adoption of Financial Statements for the Financial Year ended March 31, 2024.

To receive, consider, approve, and adopt the following:

- (a) the Audited Financial Statements of the Company for the Financial Year ended March 31, 2024 together with the Reports of the Directors and Auditors’ thereon; and
- (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended March 31, 2024 together with the report of the Auditors’ thereon.

#### 2. Declaration of dividend.

To confirm the payment of Interim Dividend of ₹ 7/- (Seven Rupees only) per equity share of par value of ₹ 1/- each already paid, and to declare additional Final Dividend of ₹ 4.40/- (Four Rupees & Forty Paise only) per equity share of par value of ₹ 1/- each for the Financial Year ended March 31, 2024.

#### 3. Appointment of Mr. Shyam Bhupatirai Ghia as a Director liable to retire by rotation.

To appoint a director in place of Mr. Shyam Bhupatirai Ghia (DIN: 00005264), who retires by rotation and being eligible, seeks re-appointment.

To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

“**RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Shyam Bhupatirai Ghia (DIN: 00005264), who retires by rotation, be and is hereby re-appointed as a Director liable to retire by rotation.”

### SPECIAL BUSINESS

#### 4. Appointment of Mr. Surin Shailesh Kapadia (DIN: 00770828) as an Independent Director of the Company.

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and 161, read with Schedule IV of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (‘the Act’), the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulations 17, 17(1A) and 25(2A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (‘SEBI Listing Regulations’) (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof) for the time being in force, in accordance with the provisions of Articles of Association of the Company, based on the recommendation of the Nomination and Remuneration Committee and approval of the Board, Mr. Surin Shailesh Kapadia (DIN: 00770828) who was appointed as an Additional Director in the capacity of an Independent Director be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years commencing from 7<sup>th</sup> May, 2024 till 6<sup>th</sup> May, 2029, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to or any other Officer(s) / Authorized Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**5. Appointment of Ms. Mona Ninad Desai (DIN: 03065966) as an Independent Director of the Company.**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and 161, read with Schedule IV of the Companies Act, 2013 and other applicable provisions, of the Companies Act, 2013 (‘the Act’), the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulations 17, 17(1A) and 25(2A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (‘SEBI Listing Regulations’) (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof) for the time being in force, in line with the provisions of Articles of Association of the Company, based on the recommendation of the Nomination and Remuneration Committee and approval of the Board, Ms. Mona Ninad Desai (DIN: 03065966) who was appointed as an Additional Director in the capacity of an Independent Director be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years commencing from 7<sup>th</sup> May, 2024 till 6<sup>th</sup> May, 2029, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to or any other Officer(s) / Authorized Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**6. Re-appointment of Mr. Sanjay K Asher (DIN: 00008221) as an Independent Director of the Company, for a second term of five consecutive years.**

To consider and if thought fit, to pass the following resolution as a Special Resolution:

“**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 read with Schedule IV of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 (‘the Act’), the Companies (Appointment and Qualification of Directors) Rules, 2014 and Regulations 17, 17(1A) and 25(2A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time (‘SEBI Listing Regulations’) (including any statutory modification(s) or amendment(s) or re-enactment(s) thereof) for the time being in force, in accordance with the provisions of Articles of Association of the Company, based on the recommendation of the Nomination and Remuneration Committee and approval of the Board, Mr. Sanjay K Asher (DIN: 00008221) be and is hereby reappointed as an Independent Director of the Company, to hold office for a second term of five consecutive years with effect from 8<sup>th</sup> August, 2024 till 7<sup>th</sup> August, 2029, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate all or any of the powers to any committee of directors with power to further delegate to or any other Officer(s) / Authorized Representative(s) of the Company to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors  
For **SONATA SOFTWARE LIMITED**

**Mangal Krishnarao Kulkarni**  
Company Secretary  
**ACS: 11861**

Place: Mumbai  
Date: 7<sup>th</sup> May, 2024

## NOTES:

1. Pursuant to the General Circular No. 09/2023 dated September 25, 2023, issued by the Ministry of Corporate Affairs (MCA) and Circular SEBI/HO/CFD/CFD-PoD-2/P/CIR/2023/167 dated October 7, 2023 issued by SEBI (hereinafter collectively referred to as "the Circulars"), companies are allowed to hold Annual General Meeting ("AGM") through video conference ("VC") / other audio visual means ("OAVM"), without the physical presence of members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("the Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("Listing Regulations") and the Circulars, the Annual General Meeting (AGM) of the Company is being held through VC / OAVM. The registered office of the Company shall be the deemed venue for the AGM.
2. A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a member of the Company. Since this AGM is being held in accordance with the Circulars through VC / OAVM, the facility for appointment of proxies by the Members will not be available and hence, the proxy form, attendance slip and route map of the AGM are not annexed to this Notice.
3. In compliance with the aforesaid Circulars, the Notice of AGM along with Annual Report 2023-24 and instructions for e-voting are being sent only through electronic mode to those members whose email addresses are registered with the Company / Depository Participant(s). Members may note that the Notice of AGM and Annual Report 2023-24 will also be available on the Company's website at [www.sonata-software.com](http://www.sonata-software.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of NSDL <https://www.evoting.nsdl.com>. The Company has also published an advertisement in newspaper containing the details about the AGM i.e., the conduct of the AGM through VC/OAVM, date and time of the AGM, availability of the notice of AGM at the Company's website, manner of registering the email IDs of those shareholders who have not registered their email addresses with the Company / Registrar & Share Transfer Agent viz. KFin Technologies Limited (RTA/KFin) and other matters as may be required.
4. The Explanatory Statement pursuant to Section 102 of the Act, as amended, setting out material facts concerning the business under Item No. 4 to 6 of the Notice, are annexed hereto. The relevant details, pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India – SS 2, in respect of Director seeking appointment/re-appointment at this AGM is also annexed. Requisite declarations have been received from the Directors seeking appointment/re-appointment.
5. The Company has engaged the services of NSDL, as authorised agency for conducting the AGM through VC/ OAVM and for providing e-voting facility to its members.
6. Members attending the AGM through VC/ OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. In case of joint holders, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company as on the cut-off date will be entitled to vote at the AGM.
8. Institutional / Corporate Shareholders (i.e., other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC /OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [mvbhatcs@gmail.com](mailto:mvbhatcs@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).

Institutional shareholders (i.e., other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

9. The Company has fixed Friday, July 26, 2024 as the 'Record Date' and the Register of Members of the Company will be closed from Saturday, July 27, 2024 to Monday, August 05, 2024 (both dates inclusive), for determining entitlement of members to Final Dividend for the Financial Year ended March 31, 2024, if approved at the AGM.
10. The Final Dividend on equity shares as recommended by the Board of Directors for the year ended March 31, 2024, if approved, at the AGM, will be payable:
  - a. to those members holding shares in physical form, whose names appear on the Register of Members on July 26, 2024; and
  - b. in respect of shares held in electronic form, on the basis of beneficial ownership as per the details furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose on July 26, 2024.
11. Any person who acquire shares of the Company and becomes a Member of the Company after dispatch of the Notice and holding shares as of the cut-off date, i.e., July 26, 2024, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or RTA.
12. Pursuant to Finance Act 2020, dividend income is taxable in the hands of shareholders w.e.f. April 1, 2020 and the Company is required to deduct tax at source ('TDS') from dividend paid to shareholders at the prescribed rates in the Income Tax Act, 1961 ('the IT Act'). The shareholders are requested to update their PAN with the DP (if shares held in electronic form) and Company / KFin Technologies Limited ("KFin") (if shares held in physical form).

A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G / 15H, to avail the benefit of non-deduction of tax at source by e-mail to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) on or before July 22, 2024. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20% or as may be prescribed in the IT Act.

Non-resident shareholders [including Foreign Institutional Investors (FIIs) / Foreign Portfolio Investors (FPIs)] can avail beneficial rates under tax treaty between India and their country of tax residence, subject to providing necessary documents i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits. For this purpose, the shareholder may submit the above documents (PDF / JPG Format) by e-mail to [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com). The aforesaid declarations and documents need to be submitted by the shareholders by 11:59 p.m. IST on July 22, 2024.

For further details and formats of declaration, please refer to FAQs on Taxation of Dividend Distribution available on the Company's website at <https://www.sonata-software.com/about-us/investor-relations>.

13. Since SEBI has made it mandatory for distributing dividends through Electronic Clearing Service (ECS), the Company will use the bank account details furnished by the Depository Participant(s) for distributing dividends to shareholders holding shares in electronic form. Members are requested to notify any change in their Bank account details to their Depository Participant(s) immediately.
14. Members who have not yet registered their e-mail addresses are requested to register the same with their Depository Participant(s) in case the shares are held by them in electronic form and with KFin in case the shares are held by them in physical form.



15. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc:
- For shares held in electronic form:** to their Depository Participant(s);
  - For shares held in physical form:** to the Company/Registrar and Transfer Agent in prescribed Form ISR-1 along with supporting documents and other forms pursuant to SEBI Circular No. SEBI/HO/MIRSD/POD-1/P/CIR/2023/181 dated November 17, 2023. The Company has sent letters for furnishing the required details. Members may also refer to Frequently Asked Questions (“FAQs”) on Company’s website <https://www.sonata-software.com/about-us/investor-relations>.

To mitigate unintended challenges on account of freezing of folios, SEBI vide its Circular No. SEBI/HO/MIRSD/POD1/P/ CIR/2023/181 dated November 17, 2023, has done away with the provision regarding freezing of folios not having PAN, KYC, and Nomination details.

16. Members may please note that SEBI vide its Circular No. SEBI/HO/MIRSD/MIRSD\_RTAMB/P/CIR/2022/8 dated January 25, 2022 has mandated the listed companies to issue securities in dematerialized form only while processing service requests viz. Issue of duplicate securities certificate(s); claim from unclaimed suspense account; renewal/ exchange of securities certificate(s); endorsement; sub-division/splitting of securities certificate(s); consolidation of securities certificates/folios; transmission and transposition. Accordingly, Members are requested to make service requests by submitting a duly filled and signed Form ISR – 4, the format of which is available on the Company’s website at <https://www.sonata-software.com/about-us/investor-relations> and on the website of the Company’s RTA, KFin at <https://ris.kfintech.com/default.aspx>. It may be noted that any service request can be processed only after the folio is KYC Compliant.

Please note that as mandated by SEBI the allotment of shares shall be made only in dematerialised form. Accordingly, during the year, pursuant to issue of Bonus equity shares, the shares held by shareholders in physical form have been credited to a separate demat Escrow account maintained by the Company. Members are requested to claim the shares from Escrow demat account maintained by the Company, by submitting the following documents:

1. Request letter duly signed by all the shareholders
2. Form ISR 4 (Please select the option - Claim from Unclaimed Suspense Account)
3. Self-attested copy of Client Master List
4. Self attested copy of Pan Card for all shareholders
5. Form ISR -1 for registration of KYC details if not done earlier
6. Form SH-13 or Form ISR-3
7. Signature Verification as per ISR – 2 Form
8. Self attested address proof

The above Investor Service Request Forms (ISR) are available on the website of the Company’s and RTA

17. In terms of Regulation 40(1) of SEBI Listing Regulations as amended from time to time, the requests for transfer of securities including transfer, transmission and transposition requests shall be processed only in dematerialized form. In view of the same and to eliminate all risks associated with physical shares and avail various benefits of dematerialisation, Members are advised to dematerialise the shares held by them in physical form. Members can contact the Company or KFin, for assistance in this regard.

18. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or KFin, the details of such folios together with the share certificates along with the requisite KYC Documents for consolidating their holdings in one folio. Requests for consolidation of share certificates shall be processed in dematerialized form.
19. As per the provisions of Section 72 of the Act and SEBI Circular, the facility for making nomination is available for the Members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. If a member desires to opt out or cancel the earlier nomination and record a fresh nomination, he/ she may submit the same in Form ISR-3 or SH-14 as the case may be. The said forms can be downloaded from the Company's website <https://www.sonata-software.com/about-us/investor-relations>. Members are requested to submit the said details to their DP in case the shares are held by them in dematerialized form and to KFin in case the shares are held in physical form.
20. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and certificate from the Secretarial Auditor of the Company confirming the compliance of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and any amendments thereto with regard to the Company's Employees Stock Option Plan 2013 will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e., August 06, 2024. Members seeking to inspect such documents can send an email to [investor@sonata-software.com](mailto:investor@sonata-software.com).
21. Members holding shares in physical form are requested to forward all applications for shares related correspondence, (including intimation for change in address) to the Company's Share Transfer Agent viz. KFin Technologies Limited, Unit Sonata Software Limited, Karvy Selenium Building Tower B, Plot No.31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India - 500 032, Toll free no. 1800 309 4001. Members holding shares in electronic form are requested to notify change in their address to their Depository Participant(s).
22. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participant(s). Members holding shares in physical form are requested to submit their PAN details to the Company's Share Transfer Agent viz. KFin Technologies Limited, Unit Sonata Software Limited, Karvy Selenium Building Tower B, Plot No.31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Rangareddi, Telangana India - 500 032, Toll free no. 1800 309 4001.
23. Members desiring to claim dividends, which remain unclaimed, are requested to correspond with the Company's RTA for further processing. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, be transferred to the Investor Education and Protection Fund (IEPF). Shares on which dividend remains unclaimed for seven consecutive years shall be transferred to the IEPF as per Section 124 of the Act, read with applicable IEPF rules.
24. The Company has uploaded the details of unpaid and unclaimed dividend amounts of prior years on its website. Members who have not encashed the dividend so far are requested to write to KFin, who shall arrange to send the unclaimed dividend amount upon appropriate scrutiny. Members are requested to note that dividends which are not claimed within seven (7) years from the date of transfer to the Company's Unpaid Dividend Account will, as per the provisions of Section 124 of the Act and rules made

thereunder, be transferred to the Investor Education and Protection Fund (IEPF). Further, pursuant to the provisions of Section 124 of the Act and IEPF Rules, all shares on which dividend has not been paid or claimed for 7 consecutive years or more shall be transferred to IEPF Authority as notified by the MCA. The Members / claimants whose shares and unclaimed dividend have been transferred to IEPF may claim the shares or apply for refund by making an application to IEPF Authority in Form IEPF 5 (available on [www.iepf.gov.in](http://www.iepf.gov.in)). The Member / claimant can file only one consolidated claim in a Financial Year as per the IEPF Rules. It may be noted that once the unclaimed dividend is transferred to IEPF as above, no claim shall rest with the Company in respect of such amount. It may also be noted that that unclaimed Final Dividend for the Financial Year ended 2016-17 shall become due for transfer to IEPF on 11<sup>th</sup> September, 2024 and Interim Dividend for the Financial Year ended 2017-18 shall become due for transfer to IEPF on 12<sup>th</sup> December, 2024.

25. Members may kindly note that in accordance with SEBI Master Circular for Online Dispute Resolution dated July 31, 2023 (updated as on December 20, 2023), the Company has registered itself on the newly launched SMART ODR Portal (Securities Market Approach for Resolution through Online Disputes Resolution Portal). This platform aims to enhance investor grievance resolution by providing access to Online Dispute Resolution Institutions for addressing complaints. Members can access the SMART ODR Portal via the following link: <https://smartodr.in/login>. Members may feel free to utilize this online conciliation and/or arbitration facility, as outlined in the circular, to resolve any outstanding disputes between Members and the Company (including RTA).
26. Members attending the AGM who have not cast their vote through remote voting shall be eligible to cast their vote through voting during the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again at the AGM. The detailed instructions for attending the AGM through VC/ OAVM and availing e-voting facility are provided in Annexure II annexed to this Notice.
27. The Board of Directors have appointed Mr. M V Bhat, Practicing Company Secretary (FCS - 12261/ CoP No. - 19221), as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.

## ANNEXURE I TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 (THE "ACT")

### **Item No. 4: Special Resolution for Appointment of Mr. Surin Shailesh Kapadia (DIN: 00770828) as an Independent Director of the Company**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Mr. Surin Shailesh Kapadia (DIN: 00770828) as an Additional Director of the Company and also as an Independent Director, not being liable to retire by rotation, for a term of 5 consecutive years i.e. from 7<sup>th</sup> May, 2024 till 6<sup>th</sup> May, 2029, subject to approval of the Members.

Pursuant to the provisions of Section 161(1) of the Act, Mr. Surin Shailesh Kapadia holds office only upto the date of this Annual General Meeting (AGM) and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a Notice from a Member, proposing his candidature for the office of Director.

The Company has received a consent to act as a Director and declaration from Mr. Surin Shailesh Kapadia to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act, read with the Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). In the opinion of the Board of Directors, Mr. Surin Shailesh Kapadia is independent of the management.

Mr. Surin Shailesh Kapadia is a fellow member of the Institute of Chartered Accountants of India and Partner of M/s G. M. Kapadia & Co., Chartered Accountants. He is the head of the Firm's Transaction Advisory and Valuation practices and is also an integral part of the consultancy and corporate law practices of the Firm. Mr. Surin is actively involved in rendering of high value-added professional services. He has over 25 years experience in the field of taxation, exchange control laws, mergers and acquisition and valuation.

In compliance with the provisions of Section 149, read with Schedule IV to the Act and Regulation 17 of the Listing Regulations, the appointment of Mr. Surin Shailesh Kapadia as an Independent Director is now being placed before the Members for their approval.

The Board recommends the Resolution at Item No. 4 of the accompanying Notice for approval by the Members of the Company by way of a Special Resolution. Except Mr. Surin Shailesh Kapadia, none of the other Directors, Key Managerial Personnel of your Company and their relatives are in any way concerned or interested in this resolution.

**Item No. 5: Special Resolution for Appointment of Ms. Mona Ninad Desai (DIN: 03065966) as an Independent Director of the Company**

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors appointed Ms. Mona Ninad Desai (DIN: 03065966) as an Additional Director of the Company and also as an Independent Director, not being liable to retire by rotation, for a term of 5 consecutive years i.e. from 7<sup>th</sup> May, 2024 till 6<sup>th</sup> May, 2029, subject to approval of the Members.

Pursuant to the provisions of Section 161(1) of the Act, Ms. Mona Ninad Desai holds office only upto the date of this Annual General Meeting (AGM) and is eligible to be appointed as a Director. The Company has, in terms of Section 160(1) of the Act, received in writing a Notice from a Member, proposing her candidature for the office of Director.

The Company has received a consent to act as a Director and declaration from Ms. Mona Ninad Desai to the effect that she meets the criteria of independence as provided in Section 149(6) of the Act, read with the Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). In the opinion of the Board of Directors, Ms. Mona Ninad Desai is independent of the management.

Ms. Mona Ninad Desai holds a B.A. (Hons.) degree in Psychology from Jai Hind College, Mumbai. She is an advocate and solicitor having passed the solicitors examination conducted by the Bombay Incorporated Law Society in 1995. She is a partner of the law firm M/s. A.H. Parpia & Co., Mumbai. She was a member of the Institutional Scientific & Ethics Board of Kokilaben Dhirubai Ambani Hospital & Medical Research Institute.

In compliance with the provisions of Section 149, read with Schedule IV to the Act and Regulation 17 of the Listing Regulations, the appointment of Ms. Mona Ninad Desai as an Independent Director is now being placed before the Members for their approval.

The Board recommends the Resolution at Item No. 5 of the accompanying Notice for approval by the Members of the Company by way of a Special Resolution. Except Ms. Mona Ninad Desai, none of the other Directors, Key Managerial Personnel of your Company and their relatives are in any way concerned or interested in this resolution.

**Item No. 6: Special Resolution for Re-appointment of Mr. Sanjay K Asher (DIN: 00008221) as an Independent Director of the Company, for a second term of five consecutive years**

Mr. Sanjay K Asher (DIN: 00008221) was appointed as an Independent Director of the Company for a term of 5 consecutive years with effect from 8<sup>th</sup> August, 2019 till 7<sup>th</sup> August, 2024. Pursuant to the provisions of the Act, the Articles of Association of the Company and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on 7<sup>th</sup> May, 2024 has reappointed Mr. Sanjay K Asher as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from 8<sup>th</sup> August, 2024 till 7<sup>th</sup> August, 2029 in accordance with the provisions of the Act and Listing Regulations, subject to the approval of the members of the Company as per the provisions of the Act and SEBI Listing Regulations.

The Company has, in terms of Section 160(1) of the Act, received in writing a Notice from a Member, proposing his candidature for the office of Director.

The Company has received a consent to act as a Director and declaration from Mr. Sanjay K Asher to the effect that he meets the criteria of independence as provided in Section 149(6) of the Act, read with the Rules framed thereunder and Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). In the opinion of the Board of Directors, Mr. Sanjay K Asher is independent of the management.

Mr. Sanjay K Asher is presently a Senior Partner with Crawford Bayley & Co. He has been a practising Advocate since 1991 and was admitted as a Solicitor in 1993. He is also a qualified Chartered Accountant. He has over 30 years of experience in the field of law and corporate matters. Mr. Asher specialises in the field of corporate law and commercial law, cross-border mergers and acquisitions, joint ventures, mergers and acquisitions and capitals markets. Mr. Asher has authored several articles in national and international publications and also a book on Companies Act, 2013. Mr. Sanjay K Asher has been in the past member on Primary Market Advisory Committee of SEBI and Department of Disinvestment, Government of India. Mr. Asher holds a Bachelor's Degree in Commerce and in Law from the University of Bombay.

In compliance with the provisions of Section 149, read with Schedule IV to the Act and Regulation 17 of the Listing Regulations, the re-appointment of Mr. Sanjay K Asher as an Independent Director is now being placed before the Members for their approval.

In view of the invaluable contributions made by Mr. Sanjay K Asher during his existing tenure, the Board expressed its appreciation for his strategic guidance to the Company's growth and governance.

The Board recommends the Resolution at Item No. 6 of the accompanying Notice for approval by the Members of the Company by way of a Special Resolution. Except Mr. Sanjay K Asher, none of the other Directors, Key Managerial Personnel of your Company and their relatives are in any way concerned or interested in this resolution.

## Annexure A

Details of Directors seeking appointment / re-appointment at the 29<sup>th</sup> Annual General Meeting to be held on August 06, 2024

[Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

Name of the Director	Mr. Surin Shailesh Kapadia (DIN: 00770828)	Ms. Mona Ninad Desai (DIN: 03065966)	Mr. Sanjay K Asher (DIN: 00008221)	Mr. Shyam Bhupatirai Ghia (DIN: 00005264)
Age	43 years	55 years	60 years	76 years
Date of appointment	7 <sup>th</sup> May, 2024	7 <sup>th</sup> May, 2024	8 <sup>th</sup> August, 2024	26 <sup>th</sup> May, 1997
Relationship with Directors and Key Managerial Personnel	None	None	None	None
Experience / Expertise in specific functional areas	He is a Partner of M/s G. M. Kapadia & Co., Chartered Accountants. He is the head of the Firm's Transaction Advisory and Valuation practices and is also an integral part of the consultancy and corporate law practices of the Firm. Mr. Surin Shailesh Kapadia is actively involved in rendering of high value added professional services. He has over 25 years' experience in the field of taxation, exchange control laws, mergers and acquisition and valuation.	She is a partner of the law firm M/s. A.H. Parpia & Co., Mumbai. She was a member of the Institutional Scientific & Ethics Board of Kokilaben Dhirubai Ambani Hospital & Medical Research Institute.	He is presently a Senior Partner with Crawford Bayley & Co. He has been a practising Advocate since 1991 and was admitted as a Solicitor in 1993. He has over 30 years of experience in the field of law and corporate matters. Mr. Asher specialises in the field of corporate law and commercial law, cross-border mergers and acquisitions, joint ventures, mergers and acquisitions and capitals markets. Mr. Asher has authored several articles in national and international publications and also a book on Companies Act, 2013. Mr. Asher has been in the past member on Primary Market Advisory Committee of SEBI and Department of Disinvestment, Government of India.	He has a diverse range of skills and expertise including general management of corporate affairs, corporate governance, general information technology and related fields; general IT knowledge, law, taxation, finance, foreign exchange related, behavioral science, strategy management and leadership abilities.
Qualification(s)	He is a fellow member of the Institute of Chartered Accountants of India.	She holds a B.A. (Hons.) degree in Psychology from Jai Hind College, Mumbai. She is an advocate and solicitor having passed the solicitors examination conducted by the Bombay Incorporated Law Society in 1995.	He holds a bachelor's degree in commerce and in Law from the University of Bombay. He is also a qualified Chartered Accountant.	He holds a bachelor's degree in science and master's in business administration.



Name of the Director	Mr. Surin Shailesh Kapadia (DIN: 00770828)	Ms. Mona Ninad Desai (DIN: 03065966)	Mr. Sanjay K Asher (DIN: 00008221)	Mr. Shyam Bhupatirai Ghia (DIN: 00005264)
Date of first appointment on the Board	7 <sup>th</sup> May, 2024	7 <sup>th</sup> May, 2024	8 <sup>th</sup> August, 2019	26 <sup>th</sup> May, 1997
Number of Meetings of Board attended during the FY 2023-24	NIL	NIL	6 of 6	6 of 6

Listed Companies in which the person holds Directorship & Committee membership and Listed Companies from which the person has resigned in the past three years:

Name of the Director	Mr. Surin Shailesh Kapadia (DIN: 00770828)	Ms. Mona Ninad Desai (DIN: 03065966)	Mr. Sanjay K Asher (DIN: 00008221)	Mr. Shyam Bhupatirai Ghia (DIN: 00005264)
Board membership in other Listed entities	2	1	6	2
Audit Committee	2	1	4	2
Stakeholders' Relationship Committee	1	1	3	2
Nomination and Remuneration Committee	2	1	3	2
Corporate Social Responsibility Committee	-	1	2	-
Other Committee(s)	2	1	4	-
Resignations in Listed Companies in past 3 years	-	-	4	-
Shareholding of directors in the listed entity, including shareholding as a beneficial owner.	-	-	-	13,332 shares

**Brief Profile of Director(s):**

Name of the Director	Brief Profile
Mr. Surin Shailesh Kapadia (DIN: 00770828)	Mr. Surin Shailesh Kapadia is a fellow member of the Institute of Chartered Accountants of India and Partner of M/s G. M. Kapadia & Co., Chartered Accountants. He is the head of the Firm's Transaction Advisory and Valuation practices and is also an integral part of the consultancy and corporate law practices of the Firm. Surin is actively involved in rendering of high value-added professional services. He has over 25 years' experience in the field of taxation, exchange control laws, mergers and acquisition and valuation.
Ms. Mona Ninad Desai (DIN: 03065966)	Ms. Mona Ninad Desai holds a B.A. (Hons.) degree in Psychology from Jai Hind College, Mumbai. She is an advocate and solicitor having passed the solicitors examination conducted by the Bombay Incorporated Law Society in 1995. She is a partner of the law firm M/s. A.H. Parpia & Co., Mumbai. She was a member of the Institutional Scientific & Ethics Board of Kokilaben Dhirubai Ambani Hospital & Medical Research Institute.

Name of the Director	Brief Profile
Mr. Sanjay K Asher (DIN: 00008221)	Mr. Sanjay K Asher is presently a Senior Partner with Crawford Bayley & Co. He has been a practising Advocate since 1991 and was admitted as a Solicitor in 1993. He is also a qualified Chartered Accountant. He has over 30 years of experience in the field of law and corporate matters. Mr. Asher specialises in the field of corporate law and commercial law, cross-border mergers and acquisitions, joint ventures, mergers and acquisitions and capitals markets. He has authored several articles in national and international publications and also a book on Companies Act, 2013. Mr. Asher has been in the past member on Primary Market Advisory Committee of SEBI and Department of Disinvestment, Government of India. He holds a Bachelor's Degree in Commerce and in Law from the University of Bombay.
Mr. Shyam Bhupatirai Ghia (DIN: 00005264)	Mr. Shyam Bhupatirai Ghia is a Non-Executive Non Independent Director of Sonata Software Limited. He holds a bachelor's degree in science and master's in business administration. He has a diverse range of skills and expertise including general management of corporate affairs, corporate governance, general information technology knowledge, law, taxation, finance, foreign exchange related, behavioral science, strategy management and leadership abilities.

## ANNEXURE II TO THE NOTICE

### A. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

The remote e-voting period begins on Friday, August 02, 2024 at 09:00 A.M. (IST) and ends on Monday, August 05, 2024 at 05:00 P.M. (IST). The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members / Beneficial Owners as on the record date (cut-off date) i.e. July 26, 2024, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date, being July 26, 2024.

#### How do I vote electronically using NSDL e-Voting system?



The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

#### **Step 1: Access to NSDL e-Voting system**

#### **A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode is given below:**

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>1. Existing <b>IDeAS</b> user can visit the e-Services website of NSDL Viz. <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. On the e-Services home page click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under ‘<b>IDeAS</b>’ section , this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be re-directed to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2. If you are not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS Portal</b>” or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or <b>e-Voting service provider i.e. NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>4. Shareholders/Members can also download NSDL Mobile App “<b>NSDL Speede</b>” facility by scanning the QR code mentioned below for seamless voting experience.</li> </ol> <div data-bbox="767 1464 1276 1765" style="text-align: center;"> <p><b>NSDL Mobile App is available on</b></p>    </div>

Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login Easi /Easiest are requested to visit CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login icon &amp; New System Myeasi Tab and then user your existing my easi username &amp; password.</li> <li>2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly.</li> <li>3. If the user is not registered for Easi/Easiest, option to register is available at CDSL website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login &amp; New System Myeasi Tab and then click on registration option.</li> <li>4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider i.e. NSDL and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.**

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.com">evoting@nsdl.com</a> or call at 022 - 4886 7000
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**B) Login Method for e-Voting and joining virtual meeting for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.**

**How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

<b>Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical</b>	<b>Your User ID is:</b>
<b>a) For Members who hold shares in demat account with NSDL.</b>	8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
<b>b) For Members who hold shares in demat account with CDSL.</b>	16 Digit Beneficiary ID For example if your Beneficiary ID is 12***** then your user ID is 12*****
<b>c) For Members holding shares in Physical Form.</b>	EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
  - c) How to retrieve your 'initial password'?
    - (i) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

- (ii) If your email ID is not registered, please follow steps mentioned below in **process for those shareholders whose email ids are not registered.**
6. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - a) Click on "**Forgot User Details/Password?**"(If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - b) **Physical User Reset Password?**" (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.com](mailto:evoting@nsdl.com) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
    - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
  7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
  8. Now, you will have to click on "Login" button.
  9. After you click on the "Login" button, Home page of e-Voting will open.

## **Step 2: Cast your vote electronically and join AGM on NSDL e-Voting system.**

### **How to cast your vote electronically and join AGM on NSDL e-Voting system?**

1. After successful login at Step 1, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select "EVEN" of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on "VC/OAVM" link placed under "Join Meeting".
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
5. Upon confirmation, the message "Vote cast successfully" will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote

### **General Guidelines for Members**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to CS M V BHAT at [mvbhatcs@gmail.com](mailto:mvbhatcs@gmail.com) with a copy marked to [evoting@nsdl.com](mailto:evoting@nsdl.com). Institutional



shareholders (i.e. other than individuals, HUF, NRI etc.) can also upload their Board Resolution / Power of Attorney / Authority Letter etc. by clicking on "Upload Board Resolution / Authority Letter" displayed under "e-Voting" tab in their login.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on.: 022 - 4886 7000 or send a request to Mr. Falguni Chakraborty at [evoting@nsdl.com](mailto:evoting@nsdl.com)

**Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of e mail ids for e-voting for the resolutions set out in this notice:**

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to [investor@sonata-software.com](mailto:investor@sonata-software.com)
2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to [investor@sonata-software.com](mailto:investor@sonata-software.com). If you are an Individual shareholders holding securities in demat mode, you are requested to refer to the login method explained at **step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.**
3. Alternatively shareholder/members may send a request to [evoting@nsdl.com](mailto:evoting@nsdl.com) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

**THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:-**

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

## **INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of "VC/OAVM" placed under "**Join meeting**" menu against company name. You are requested to click on VC/OAVM link placed under Join Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Facility of joining the AGM through VC / OAVM shall open 30 minutes before the time scheduled for the AGM and will be available for Members on first come first serve basis.
3. Members are encouraged to join the Meeting through Laptops for better experience.
4. Members are encouraged to use Camera and high speed internet to avoid any disturbance during the meeting.
5. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
6. Members who would like to ask questions during the AGM may register themselves as speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/ folio number, PAN, mobile number before July 30, 2024 at investor@sonata-software.com. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending upon the availability of the time for the AGM.

By Order of the Board of Directors  
For **SONATA SOFTWARE LIMITED**

**Mangal Krishnarao Kulkarni**  
**Company Secretary**  
**ACS: 11861**

Place: Mumbai  
Date: 7<sup>th</sup> May, 2024

# Forward Looking Statements

This report contains forward-looking statements that involve risks and uncertainties. When used in this discussion, words like 'will,' 'shall,' 'anticipate,' 'believe,' 'estimate,' 'intend,' 'expect' and other similar expressions as they relate to the Company, or its business are intended to identify such statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances, or achievements could differ materially from those expressed or implied in such statements. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as on their date of statement.





SONATA SOFTWARE

[www.sonata-software.com](http://www.sonata-software.com)