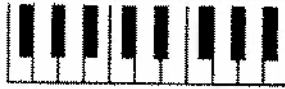


SONATA



SONATA SOFTWARE LIMITED

1/4, A.P.S. TRUST BUILDING, BULL TEMPLE ROAD,

N.R. COLONY, BANGALORE - 560 019, INDIA

TEL : +91-80-67781999 FAX : +91-80-26610972

CIN: L72200MH1994PLC082110



Website: Sonata-Software.com
Email Id: info@sonata-software.com

10th July, 2015

The Listing Manager
Bombay Stock Exchange Ltd
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai - 400 001.

Dear Sir/Madam,

SUB : ANNUAL REPORT FOR THE YEAR ENDED 31st MARCH, 2015
REF : CLAUSE 31 OF THE LISTING AGREEMENT

With reference to the above, please find enclosed Six copies of the Annual Report - 2014-15 together with Notice calling the Twentieth Annual General Meeting and setting out the business to be transacted at the Annual General Meeting.

Also enclosed is Form A duly signed by Mr P Srikar Reddy, MD & CEO, Mr Sathyanarayana R, AVP- Finance & Accounts and the Auditors of the Company. However, since Mr B K Syngal, Chairman of the Audit Committee is travelling overseas and is returning only by the last week of this month, we wish to inform you that we are presently filing the Form without his signatures and shall subsequently re-submit the form duly signed by him.

Kindly acknowledge receipt of the same.

Thanking you,

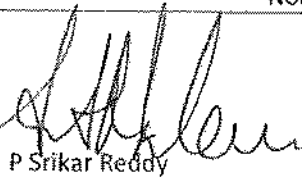
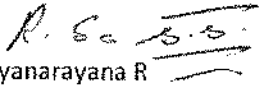
Very truly yours,
For **SONATA SOFTWARE LIMITED**

PRIYA MANOJ JASWANI
COMPANY SECRETARY

CC to : The National Stock Exchange Ltd - Mumbai
All Other recognised Stock Exchanges in India (one copy)

Sonata Software Limited
Audit for the year ended 31st March, 2015
Form A (Standalone Financial Statements)

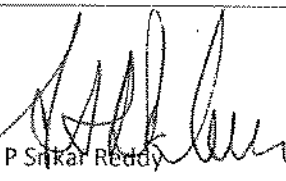
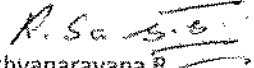
FORM A

1.	Name of the Company	Sonata Software Limited
2.	Annual Standalone Financial Statements	31 st March, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of Observation	Not Applicable
5.	To be signed by:	
	Managing Director & CEO	 P Srikar Reddy
	Audit Committee Chairman	B K Syngal
	AVP- Finance & Accounts Place : Bangalore Date : 10th July, 2015	 Sathyanarayana R
	Refer Audit Report dated 19 th May, 2015 on the Standalone Financial Statements	
	For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No. 008072S)	
	 V Sri Kumar Partner (Membership No :84494) Place: Bangalore Date: 10-July-2015	



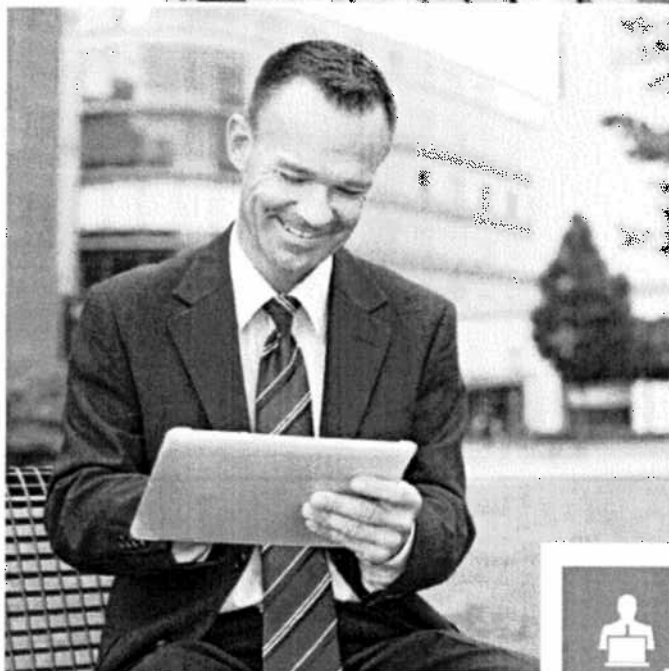
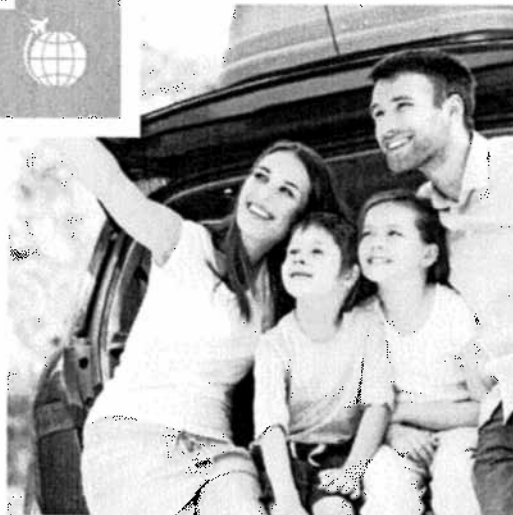
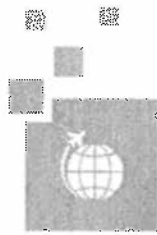
Sonata Software Limited
Audit for the year ended 31st March, 2015
Form A (Consolidated Financial Statements)

FORM A

1.	Name of the Company	Sonata Software Limited
2.	Annual Consolidated Financial Statements	31 st March, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of Observation	Not Applicable
5.	To be signed by:	
	Managing Director & CEO	 P Srikar Reddy
	Audit Committee Chairman	B K Syngal
	AVP- Finance & Accounts Place : Bangalore Date : 10th July, 2015	 Sathyanarayana R
	Refer Audit Report dated 19 th May, 2015 on the Consolidated Financial Statements	
	For Deloitte Haskins & Sells Chartered Accountants (Firm Registration No. 008072S)  V Srikumar Partner (Membership No :84494) Place: Bangalore Date: 10-July-2015	

CA

TRANSFORMING BUSINESSES TO SUCCEED IN THE DIGITAL FUTURE



SONATA SOFTWARE LIMITED
ANNUAL REPORT 2014-15



SONATA SOFTWARE

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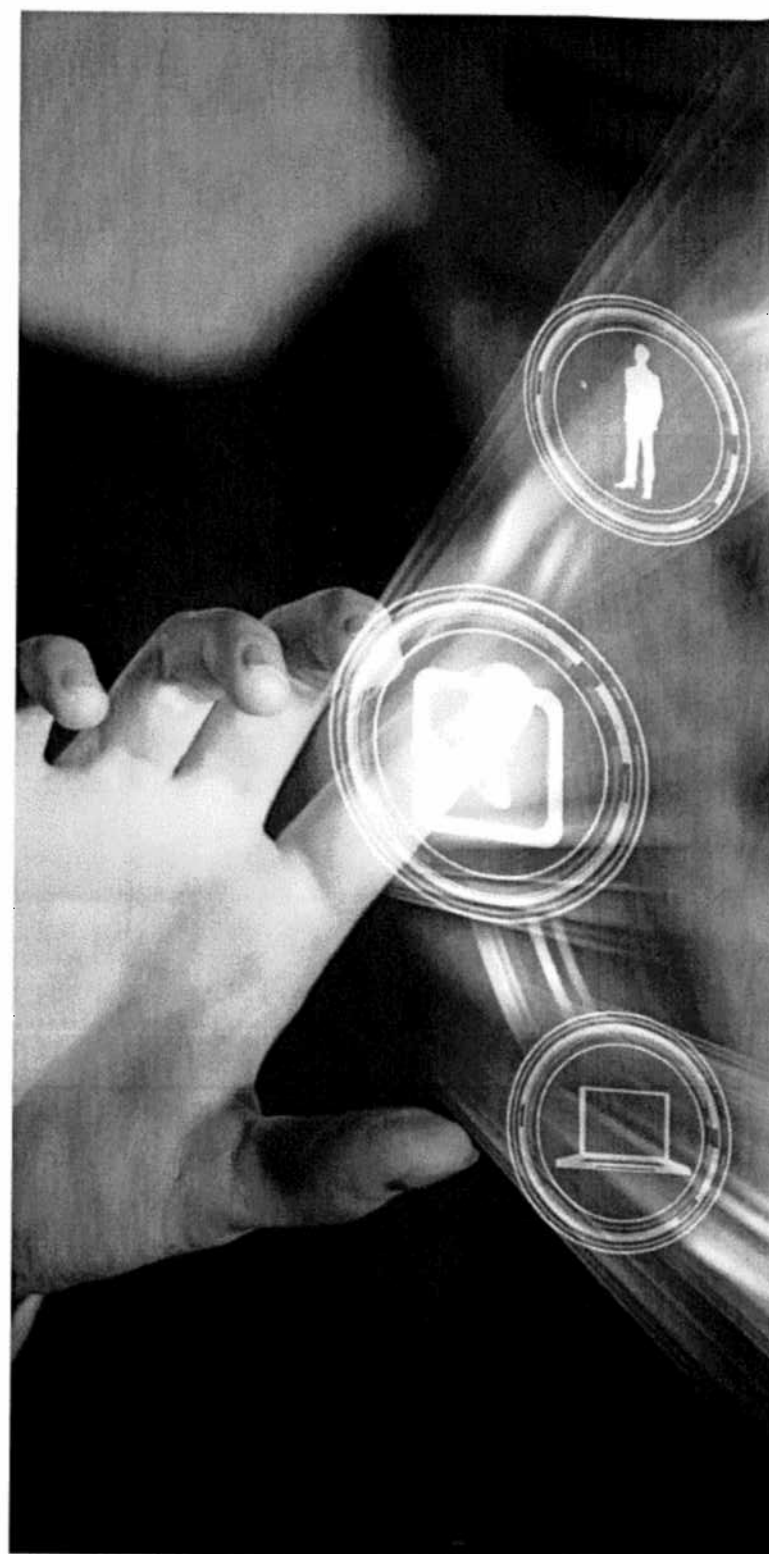
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FORWARD LOOKING STATEMENTS

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



TRANSFORMING BUSINESSES TO SUCCEED IN THE DIGITAL FUTURE



The digital future is already on the business horizons of today. IT is redefining the way people shop and consume products and services in an ever connected world. The traditional boundaries between channels, time periods, spaces and devices through which consumers access service providers at various stages of the consumption cycle is disappearing.

The rising expectations of a seamless, personalized and social consumption experience is redefining the way in which both incumbent and upcoming new businesses can compete to win with the new age consumer. While new entrants can define their approach grounds up and scale with growth - incumbent business leaders face a tougher challenge of transforming existing large businesses to be digital ready, at speed and scale, while optimizing investments and costs of IT systems.

Achieving business readiness for the digital age demands innovation, speed and reliability. Sonata's integrated offerings of best in class digital engagement solutions coupled with robust managed application lifecycle solutions and committed partnership approach has enabled customers leverage the transformational impact of IT in keeping business ready for the digital economy. We have been scripting such digital successes for world leading customers across the Software Product, Travel, Retail and Consumer Goods industries and this in turn has been a driver of our own successful business performance. In this Annual Report 2014-15, we share with you glimpses of how our customers and our people are working together to seize the opportunity in these powerful changes sweeping the business and IT landscape.



THE NEW AGE CONSUMER.

The rising expectations of a seamless, personalized and social consumption experience is redefining the way in which businesses can compete to win with the new age consumer.



WHEN DIGITAL ENGAGEMENT HOLDS THE KEY

THE OPPORTUNITY

Consumer businesses need to leverage new age digital technologies towards retaining and growing successfully through a paradigm shift in customer engagement and services norms.

SONATA APPROACH

Grow customer reach, satisfaction and revenues across channels by empowering your business with digital engagement technologies that integrate omni-channel commerce, analytics, mobility and social

- Give consumers a seamless access to your business across web, mobile, store, kiosk and call center channels
- Gain a single 360-degree view of your consumers as well as inventory across channels; drive improved personalization of products, promotions, services and fulfillment levels
- Enhance customer experience and convenience with mobility and intelligence-enabled applications that redefine service touch-points
- Leverage digital and social for enhanced customer acquisition and relationship management



OMNI
CHANNEL



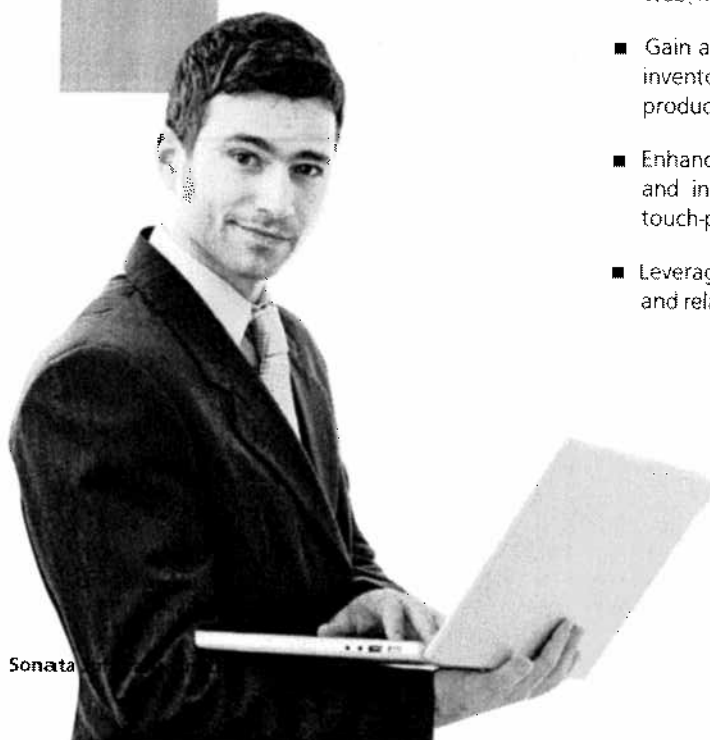
MOBILITY



ANALYTICS



SOCIAL





ENABLING A BETTER BRICK-N-CLICK LED OMNI-CHANNEL RETAIL FOOTPRINT

A global retail leader wanted to replace its legacy customer engagement systems with a new package capable of supporting its omni channel strategy across e-commerce, store and mobile touch points

Sonata delivered a range of solutions as part of the program including:

- A complex mobile solution integrated with ERP that enabled store staff to view, pick and pack customers' orders. For their retail customers, the experience of just driving into the parking lot to collect the pre-ordered (online or on mobile) parcel turned hassle-free and time efficient.
- A large loyalty system that accurately manages multiple loyalty cards and transactions of millions of customers across stores in one of the largest countries. This scalable solution is envisaged to be rolled out to several countries in the future.

- A solution to help the retailer to have a single view of its customers. With growth, the retailer diversified into multiple business lines. This has led to multiple customer systems. The solution helps unravel the data and then relate the information to create a singular customer system which every retail channel can refer into.

- Designing and developing the solution for one country with an architecture that will be scalable and rolled out to other countries, demonstrating scalable efficient use of IT investments.

The deep technology specialization in value added engineering on the chosen package and expertise in solutions for retail systems of engagement enabled Sonata make a significant contribution. The case illustrates Sonata's focus on helping enterprises succeed with their digital transformation agendas.



SOFTWARE PRODUCTS FOR THE DIGITAL AGE

THE OPPORTUNITY

Enterprise Software products are also facing the same high expectations of superior user experience driven by new technology. Mobile and Cloud enables SaaS models that offer ease of use and deployment is a key need. Analytics to support intelligent decisions and high quality UI/UX for intuitive use by staff are also the new norm.

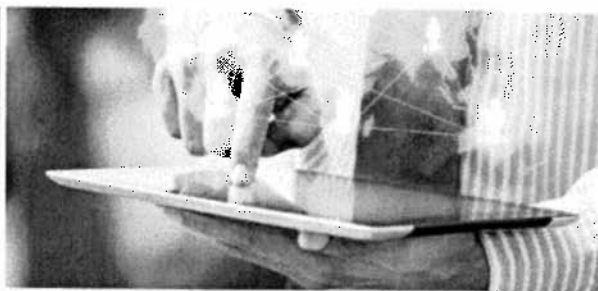


360⁰
Product
Solutions

SONATA APPROACH

End to end solutions for enterprise software product success including:

- Comprehensive product engineering services spanning design, architecture, development, modernization, support and sustenance of software products including turnkey managed engineering services
- SMAC Transformation of products with Cloud and Mobile enablement, UI/UX enhancement and Analytics integrations to support SaaS and PaaS based product delivery models
- Professional services to consult, implement, upgrade and customize software products to deliver user requirements
- Go to Market solutions spanning marketing, distribution and pre-post sales support to grow customer base and revenues



GETTING SOFTWARE PRODUCTS CLOUD & MOBILE READY; FOSTERING FURTHER INNOVATION

A world leading Software Vendor in SMB ERP segment realized a need to upgrade their products and services to meet the demands of new age digitally driven businesses and business owners. The client wanted to extend its accounting solutions to mobile users by developing an app which could work on different platforms and devices while supporting local country-specific rules and API services. Additionally, the solution was also to be extended in cloud as a SaaS.

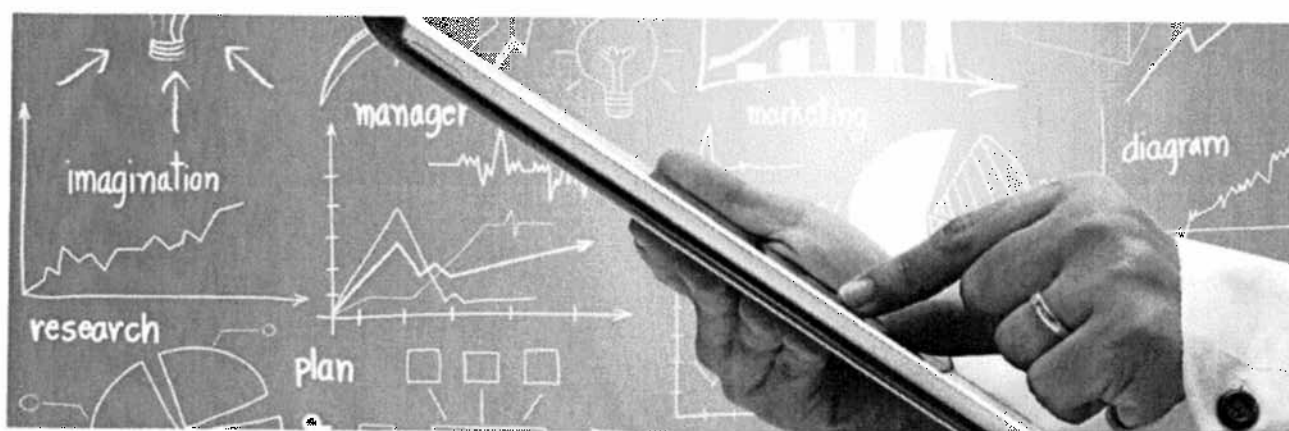
Sonata developed a range of solutions for the customer including:

- Native app for iOS and Android phones in C# using a cross platform mobile development solution. The app is localized to support different countries – UK, USA and Germany to name a few. The cross platform design allows supporting multiple OS with minimal effort. It helped the ISV retain leadership in online accounting software for small businesses globally.

- SaaS based multi-tenant distributed web solution using managed cloud services thus retaining the Cloud ERP market leadership in its segment.

The engagement with the customer has also evolved to Sonata being a strategic innovation partner who can extend these solutions to global markets, multiple product lines and in defining a roadmap for further innovation with emerging technologies such as Big Data and wearables for the SMB segment.

Sonata's deep Cloud and Mobile engineering skills, SaaS and PaaS enablement skills and understanding of ERP applications enabled successful delivery of the program. The case illustrates Sonata's commitment to help Software Vendors develop, modernize and deliver products that are ready for the digital future to their customers.



THE FUTURE OF THE BUSINESS - IT INTERFACE

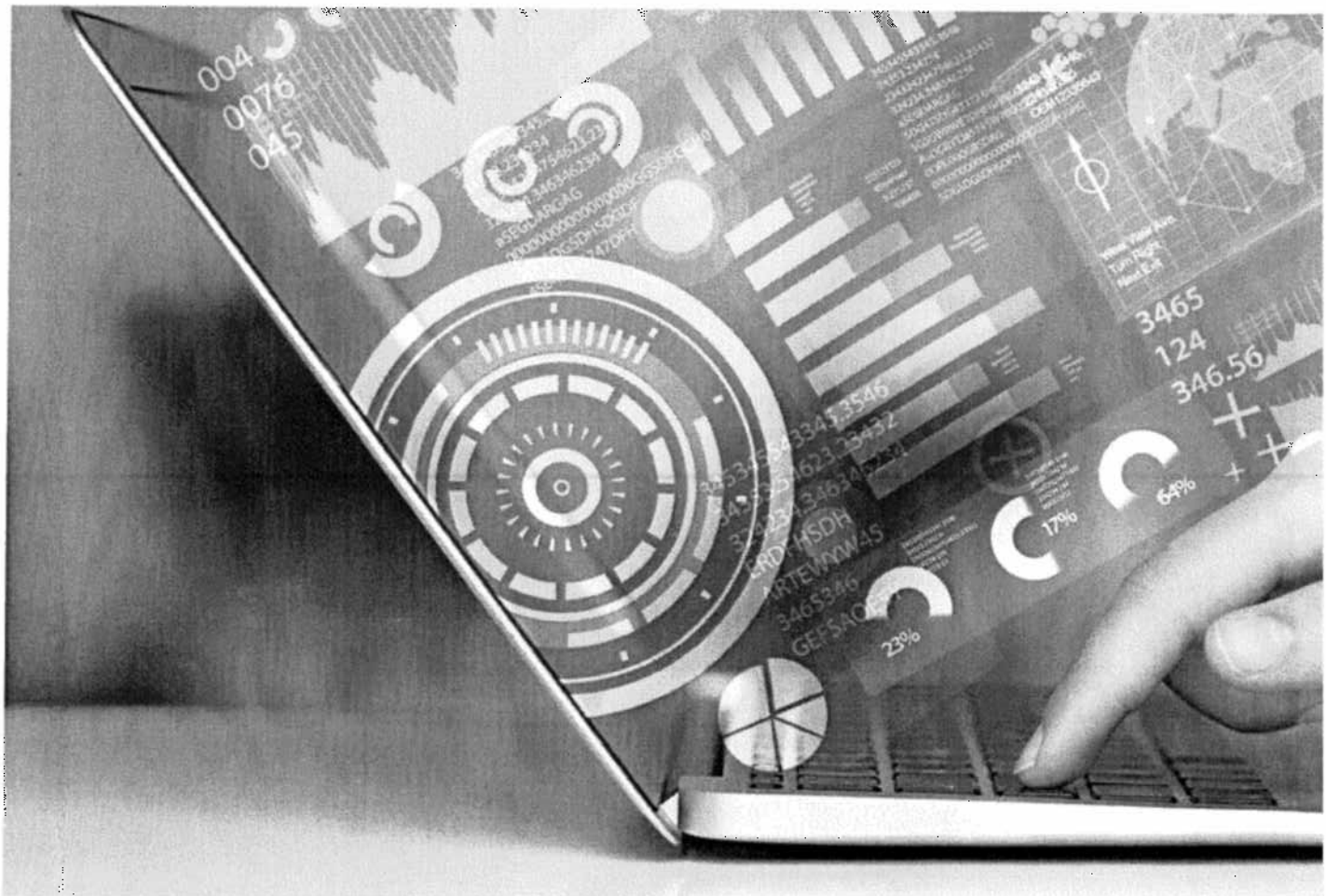
THE OPPORTUNITY

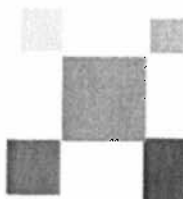
As technology becomes more central and strategic to business in the digital economy, the way in which IT services meet these needs are also changing. Deeper understanding of industry-specific business processes, ability to innovate with IT, quick and scalable deployment of IT systems all gain prominence. Industry specific end-to-end technology platforms that are mobile and social ready, with continuously evolving feature sets and cloud hosted scalable delivery models would be the new norm.

SONATA APPROACH

IT Platform based business solutions for specific industry segments

- Deep knowledge of key consumer industry verticals - Travel, Retail and Consumer Goods and sub segments within them for business process innovation
- Strong SaaS and PaaS based IT solution engineering expertise with DevOps and CloudOps capabilities to develop technology platforms for business
- Extended support through traditional services for customization requirements and support





END TO END TECHNOLOGY PLATFORMS FOR NEXT GEN TRAVEL EXPERIENCES

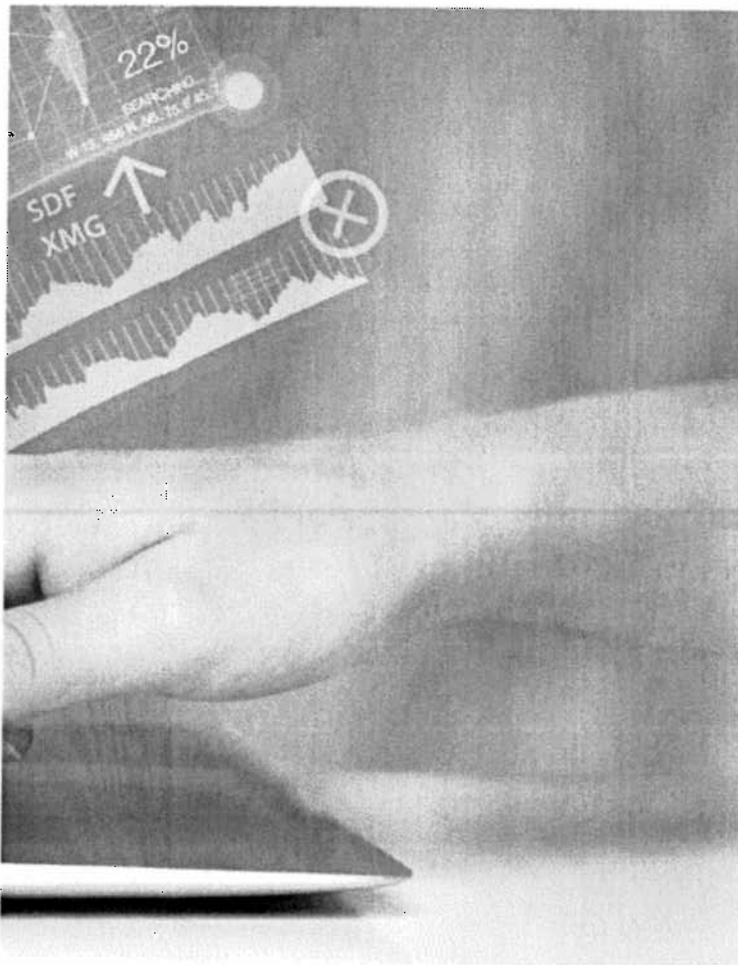
A large rail network wanted to replace their legacy rail passenger reservation system with next-gen core IT system, capable of catering to multiple channels and revenue sources. The legacy system had limited features, long lead-time and costly developments.

Sonata's solution encompassed

- Rail segment specific customization of proprietary Rezopia Travel SaaS solution
- The solution enabled distribution and booking across multiple channels such as web, mobile, reservation kiosk and call center
- Scheduling, packaging and notifications across revenue streams such as core rail tickets and ancillary services
- Integration to existing financial and accounting systems for head office functions

The new solution brought significant benefits by providing enhanced consumer experience as well as business capability with cloud based core rail ERP application which is feature rich, fast and easy to maintain.

The case illustrates Sonata's evolving approach to provide future ready models of IT solutions delivery based on a combination of industry segment specific IT platforms that offer integrated end to end business enablement capability, as well as managed IT services.



BUSINESS HIGHLIGHTS

Operational Highlights

- Record high revenue of ₹1,682 crores and Profit of ₹134 crores
- Third strong year of growth in IT services with growth for the year : Revenue by 25% and Profit by 85%
- Added 21 new customers during the year
- Acquired and integrated Travel SaaS Rezopia to drive IP led services
- Set up Retail industry advisory board
- Expanded foot print in ANZ geo with key new customer wins
- IT Services utilization levels at 85%+
- Won prestigious awards including Microsoft Country Partner of Year 2014 and SAP Pinnacle Award 2014

Financial Highlights

Consolidated

Key Financials (₹ crores)	FY15	FY14	FY13*	FY12*
Net Sales	1,682	1,566	1,311	1,069
EBITDA	187	110	57	35
PAT	134	78	30	11
Net Worth	428	374	342	375
Debt	24	6	17	41
Debtors	311	208	141	113
Cash	264	245	157	120
Per Share Ratio (₹)				
EPS	12.7	7.4	2.9	1.0
DPS	7.0	3.7	1.7	0.7
BVPS	40.7	35.6	32.5	35.6
Margin Ratios (%)				
EBITDA Margin	11.1	7.0	4.3	3.3
Net Profit Margin	8.0	5.0	2.3	1.0
RoE	33.3	21.8	8.4	2.8
RoCE	32.8	21.8	9.3	4.0

* FY 12 & 13 re-casted numbers are for continuing operations excluding results of TUI InfoTec GmbH

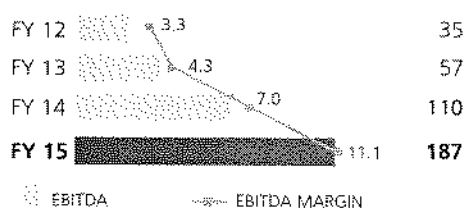
NET SALES (₹ in crores)

FY 12	1,069
FY 13	1,311
FY 14	1,566
FY 15	1,682

DIVIDEND PER SHARE (₹)

FY 12	0.7
FY 13	1.7
FY 14	3.7
FY 15	7.0

EBITDA (₹ in crores) & EBITDA MARGIN (%)



CASH (₹ in crores)

FY 12	120
FY 13	157
FY 14	245
FY 15	264

EARNINGS PER SHARE (₹)

FY 12	1.0
FY 13	2.9
FY 14	7.4
FY 15	12.7

RETURN ON CAPITAL EMPLOYED (%)

FY 12	4.0
FY 13	9.3
FY 14	21.8
FY 15	32.8

Sonata Software Overview

Sonata Software is a global IT services firm focused on catalysing transformational IT initiatives of its clients through deep domain knowledge, technology expertise and customer commitment. The company delivers innovative new solutions for Travel, Retail & Consumer Goods industries and ISVs by integrating technologies such as Omni-channel commerce, Mobility, Analytics, Cloud and ERP, to drive enhanced customer engagement, operations efficiency and return on IT investments. A trusted long-term service provider to Fortune 500 companies across both the software product development and enterprise business segments, Sonata seeks to add differentiated value to leadership who want to make an impact on their businesses, with IT.

VISION

To become a world class firm that is a benchmark for Catalyzing Business Transformation for our Clients, Fulfilling Employee Aspirations & Caring for our wider Community through Depth of Thought Leadership, Customer Centricity and Execution Excellence.

IT SERVICES: KEY VERTICALS

- Travel
- Retail
- Consumer Packaged Goods
- Independent Software Vendors



SERVICE OFFERING



DIGITAL ENGAGEMENT

Omni Channel, Analytics, Mobility & Cloud Technologies to Deliver New Age Business Solutions

STRATEGIC ALLIANCES

COMPANY	LEVEL OF PARTNER
Microsoft	Gold Certified Partner
SAP	Gold Partner
IBM	Business Partner
Oracle	Platinum Partner
HP	Platinum Business Partner

APPLICATION LIFECYCLE SERVICES

Mature ERP, ADM, AMS and Testing Services that can power client's Core IT Systems

TECHNOLOGY INFRASTRUCTURE SERVICES

Infrastructure Solutions that keeps client's business a step ahead of competition

BUSINESS FOOTPRINTS



USA	UK & EUROPE	MIDDLE EAST	ASIA PACIFIC	AUSTRALIA
Redmond, WA	London, UK	Dubai	Bangalore, India	Sydney
Atlanta, GA	Amsterdam, Netherlands	Qatar	Hyderabad, India	
Fremont, CA	Frankfurt, Germany		Singapore	
Bridgewater, NJ				
Naperville, IL				

PROFILE OF DIRECTORS



Pradip P Shah
Chairman

A qualified Cost Accountant and a Chartered Accountant, Pradip holds an MBA from Harvard University and a commerce degree from the University of Mumbai.

In a professional career spanning about four decades, Pradip has played a pivotal role in the development of financial services sector in India with varied roles including as a project officer with ICICI, also assisting during the formation of Housing Development Finance Corporation and as the Founder Managing Director of CRISIL. Currently, he is the Chairman of IndAsia and co-founder of Grow-Trees.com and Universal Trustees Private Limited.

Besides Sonata, he also serves the board of several eminent Indian companies. Pradip is the current Co-Chairman of the Corporate Governance Committee of the Indian Merchants' Chamber and a jury member for EarthCare Awards. In the past, he had served on many reputed industry forums. He is also associated with several non-profit organizations as Trustee/Governing Council Member, and co-founded Harvard Business School Association of India. He is a regular contributor as a writer and a speaker to numerous international forums and media on: credit rating, housing finance, capital markets and venture capital.



Suresh N Talwar
Independent Director

A practicing lawyer with the Bombay High Court for well over four decades, he is considered to be an authority on corporate law matters including mergers and acquisitions, corporate taxation, foreign exchange laws, international issues of Indian securities, and real estate laws among others.

Suresh holds a B. Com. and an L.L.B. degree. A regular on the golf course, his sporting interest includes cricket and horse racing. Suresh had been a partner in the renowned law firm 'Crawford Bayley & Co' for nearly 30 years before setting up his own firm 'Talwar Thakore & Associates'. He has served the Board of several eminent Indian and Multinational Companies. Currently, he serves the board of 10 Public Companies including Sonata Software and 10 Private Companies besides being on the board of a few companies based in Mauritius.



M D Dalal
Executive Vice Chairman

Serving the board as its Executive Vice Chairman, Mr. Dalal holds a Bachelor's Degree in Chemical Engineering from Salford University, UK and Master of Science Degree in Chemical Engineering from the Massachusetts Institute of Technology, USA. He is a member of World Presidents Organisation.

Besides being a Promoter Director of Sonata, he is also on the Board of Futura Polyesters Ltd as its Joint Managing Director.



Viren R Raheja
Non-Executive
Promoter Director

Viren Rajan Raheja, a commerce graduate from the University of Mumbai, holds an MBA from London Business School. He has completed all 3 levels to the CFA charter. Besides Sonata, he serves the Board of several Indian companies including Asianet Satellite Communications Ltd, Innovassynth Technologies (India) Ltd and Hathway Cable & Datacom Ltd. as a Director.



Radhika Rajan
Independent Director

Radhika holds an MBA from IIM, Ahmedabad and an MSc (Physics) from IIT, Mumbai. A US Citizen, she has focused on India as an investment destination for one and a half decades prior to her relocation to India in 2011. She heads DSP Investments, the umbrella company of the Kothari Family Office.

Radhika brings along a rich investment advisory experience from her previous engagements with TCG Advisory, Mphasis, Chemical Bank, UBS, Bank of America and Bank of Montreal among others. An authority on proposed investments in the US-India corridor, Radhika's expertise spans currencies, cash, options, interest rate, commodity futures and derivatives.

Radhika is an invited author of 'The Global Internet Economy', a book published by MIT Press in 2003. A charter member of TIE, she has also served as an Executive Board Member of TIE Tristate for over 5 years.



Shyam B Ghia
Non-Executive
Promoter Director

An MBA from Bowling Green University, USA, Shyam also holds a Bachelor's Degree in Chemistry from Mumbai University. As a seasoned industrialist, his varied interests span across industries like Chemicals, Fibres, Polymers and Software.

He is currently serving as the Chairman and Managing Director of Futura Polyesters Limited and Innovassynth Investments Limited besides holding the position of the Chairman of Innovassynth Technologies (India) Limited. Besides Sonata Software, he is also serving the board of Alkyl Amines Limited and FPL Property Developers Private Limited.



P. Srikar Reddy
Managing Director & CEO

Srikar holds an engineering degree from REC, Tiruchirappalli and is a Post Graduate in Management from the Indian Institute of Management, Calcutta.

He has been with Sonata since 1986 and has been pivotal in building Sonata as a trusted and reliable IT services partner. His vision for Sonata is based on building the Organisation with empowered people and providing a differentiated value proposition to its clients. His philosophy of driving business growth through a single minded focus on customer and investment in people and technology has enabled Sonata to be recognized as a high value solutions driven company. He is also a Member of the Board of Directors of Sonata Information Technology Limited.



Brijendra K. Syngal
Independent Director

A seasoned telecom expert, Brijendra holds an M.Tech from IIT Kharagpur, India. As Senior Principal with Dua Consulting, he Heads its telecom consulting and advisory function. He is also a member of London Court of International Arbitration.

A highly active professional, Brijendra is also serving as the Governor of the International Council for Computer Communications, Washington D.C., a Member on the Advisory Committee of G. S. Sanyal School of Telecommunications and Director of Indian Institute of Technology, Kharagpur. Besides Sonata Software, he also serves on the Board of Zee Telefilms. Previously, he has been a Member of the Board of Governors of the Indian Institute of Information Technology at Allahabad.

Brijendra's top management stint with telecom companies include Chairman and Managing Director of Videsh Sanchar Nigam Ltd. (VSNL), Chairman, Reliance Telecom and Vice-Chairman of BPL Communications Limited. Over the years, he also shouldered onerous responsibilities such as Chairman, Commonwealth Telecommunications Organisation (CTO), London; Councillor for India in NMARSAT Council, London; Vice Chairman, ICO Board; Chairman of Governance Committee ICO; and Director, iCO Global Communications (Holdings), Cayman Islands and; Governor, INTELSAT Board, Washington DC.

His immense contributions to the development of telecommunication sector has been recognised in the form of many prestigious awards including 'Telecom Man of the Decade', awarded by the Wisitex Foundation, India; 'Partners in Progress' awarded by the Govt. of Maharashtra and 'International Excellence Award - 1994'. He has also been bestowed with 'Life Fellow of IIT Kharagpur' and 'Sir John Ambrose Fleming Medal'.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Pradip P Shah
Chairman

M D Dalai
Executive Vice Chairman

S B Ghia
Director

Viren Raheja
Director

P Srikar Reddy
Managing Director & CEO

Radhika Rajan
Director

S N Talwar
Director

B K Syngal
Director

COMMITTEES OF THE BOARD

AUDIT COMMITTEE

B K Syngal, *Chairman*
S B Ghia
Pradip P Shah

STAKEHOLDERS RELATIONSHIP COMMITTEE

S B Ghia, *Chairman*
P Srikar Reddy
M D Dalai

NOMINATION & REMUNERATION COMMITTEE

S N Talwar, *Chairman*
S B Ghia
B K Syngal
Viren Raheja

CSR COMMITTEE

S B Ghia, *Chairman*
S N Talwar
P Srikar Reddy

RISK MANAGEMENT COMMITTEE

Pradip P Shah
S N Talwar
P Srikar Reddy

SOLICITORS

M/s Talwar, Thakore & Associates
M/s Dua & Associates
M/s Fladgate Fielder

AUDITORS

M/s Deloitte Haskins & Sells

COMPANY SECRETARY

Priya Manoj Jaswani

INVESTOR QUERIES

investor@sonata-software.com

WEBSITE

www.sonata-software.com

BANKERS

Standard Chartered Bank
ICICI Bank
HDFC Bank
Yes Bank
BNP Paribas

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Email : info@sonata-software.com

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Email: info@sonata-software.com

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9, Temasek Bou., Suntec Tower,
Singapore

SUBSIDIARY COMPANIES

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Email: info@sonata-software.com

Sonata Software North America

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Email: info@sonata-software.com

Sonata Europe Limited

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Sonata Software GmbH

BCM Buero-Center an der Messe GmbH,
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Sonata Software FZ – LLC

Office # 2117, 21 Floor
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PO Box : 502818 Dubai Internet City
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Email: info@sonata-software.com

Sonata Software (Qatar) LLC

GRIDCO 1 Building, 4th floor - Rm. 401
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BOARDS' REPORT

To the Members,

Your Directors have pleasure in presenting before you the Twentieth Annual Report of your Company together with the Audited Financial Statements for the Financial Year ended 31st March, 2015.

FINANCIAL RESULTS

(₹ in Crores)

Description	Standalone		Consolidated	
	Financial Year ended 31 st Mar 2015	Financial Year ended 31 st Mar 2014	Financial Year ended 31 st Mar 2015	Financial Year ended 31 st Mar 2014
Total Income	498.52	351.09	1702.00	1576.62
Total expenditure	338.35	274.69	1514.49	1466.30
EBITDA	160.17	76.40	187.51	110.32
Depreciation and Amortization Expense	5.22	7.39	6.07	7.96
Finance Cost	1.14	0.17	2.76	2.43
Profit before Tax and Exceptional Items	153.81	68.84	178.68	99.92
Exceptional (Income)/Expenses	-	-	(3.22)	(7.15)
Provision for Tax (Net)	36.34	15.00	48.62	29.35
Minority Interest	-	-	0.42	0.04
Net Profit/(Loss)	117.47	53.84	133.70	77.77
Appropriations:				
Proposed / Final Dividend	44.69	28.92	44.69	28.92
Interim Dividend	28.92	10.52	28.92	10.52
Provision for Dividend Tax	13.44	6.27	14.50	7.13
Transfer to General Reserve	12.00	6.00	14.50	8.00
Earnings in ₹ per share	11.17	5.12	12.71	7.40

BUSINESS PERFORMANCE

Your Company is primarily engaged in the business of providing IT Services and Solutions to its customers in the US, Europe, Middle East and Asia Pacific and Distribution of Software Products in India. The consolidated results of your Company include operations of its Indian and Overseas Subsidiaries and are best explained and analyzed under the two distinct segments of:

- International IT Services;
- Domestic Products and Services.

On an overall basis, for the Financial Year that ended on 31st March, 2015, we are very pleased to report that your Company had the best growth in the industry and segment which helped in setting new records in all metrics of financial performance at a consolidated basis and also in each of the individual business segments it operates in.

This remarkable growth coupled with a strong Balance Sheet has been the result of your Company's focus on geographic expansion, deeper engagement with our customers and being

vendor of choice in their transformational IT Roadmaps, quick adoption to the disruptive technologies such as hybrid, cloud, analytics, mobility and ecommerce. Further our growth for the current year was fuelled by the customer focused solutions in the areas of our strength such as Retail & Travel and customer centres of excellence. Your Company further strengthened the leadership position in the Travel industry with the acquisition of Rezopia Inc., USA during the current Financial Year under review. Your Company continues to invest in its talent and develop IP based solutions which can be game changer in the verticals of choice and strength.

The above focused approach was invigorated by adopting the value statement of "Go Deeper", essentially meaning go deeper into a customer to emerge higher in what we do for them. Your Company continues to build on its traditional vertical of strength - Travel, and Outsourced Product Development (OPD) while entering new verticals like Retail and CPG (Consumer Products & Goods). While strengthening existing partnerships with large firms such as Microsoft, IBM, your Company forged new partnerships with leading technology firms and solution

providers. Your Company has also strengthened sales team across various geographies and continues to do so, to drive the engine of growth in the years to come.

Significant steps taken by your Company during the Financial Year which supported its solid financial performance and which we believe will have a continued positive effect on your Company were:

- Strengthening business in existing geographies and expanding onto others like France and thereby creating a diversified geographical mix;
- Investing in next generation IP based solutions by acquiring Rezopia Inc., USA and businesses of Xyka Software Private Limited, India;
- Investing in Marketing and Branding;
- Opening of 'Customer Experience Centre' in our Global Village campus, Bengaluru;
- Strengthening the Sales, Account Management, Alliances and Product Management processes and teams;
- Further strengthening the Senior Management capabilities through additions in key positions such as - Head of Technology, Human Resource, etc. and
- Participating in various Travel & Retail Industry events across the globe to showcase Company's expertise

Our greatest asset is our people. They build lasting relationships with our customers and are key to the continued success and growth of our business. We continue to enhance our employee capability with continued investments in hiring the best, imparting training in areas of improvement of soft skills, management, technology and our domains of focus.

Coming to the results, both on a Standalone and Consolidated basis your Company has shown growth in all its financial metrics.

Standalone financials

Total income has shown a growth of 42%, Earnings before Interest, taxes, Depreciation and Amortisation (EBITDA) a growth of 110% and Net Profit witnessed a growth of 118% with Earnings per share at ₹11.17 when compared to the previous Financial Year.

Consolidated financials

Total income has shown a growth of 8%, EBITDA a growth of 70% and Net Profit witnessed a growth of 72% when compared to the previous Financial Year.

Analysing your Company's consolidated results by the two segments it operates in, International IT services contributed 36% of total revenues and 81% of PAT while Domestic products and services contributed to 64% of the total revenues and 19% of PAT.

International IT Services total revenue is ₹ 607 crores, growth of 25% and \$ 98 million in US\$ terms with a growth of 25% in

revenues, 78% in EBITDA and 85% in PAT. Your Company has managed to declare such record results consistently on account of its focus on serving and growing its existing customers, new customer additions of 21 through the Financial Year, and maintaining resource utilization at levels in excess of 85% over the Financial Year.

Domestic products and Services has showed growth of 1% in revenues, 35% in EBITDA and 31% in PAT. The focus in this business has always been to manage Return on Capital Employed, which was approximately 37% for the year.

Your Company during the Financial Year under review had a stronger consolidated Balance Sheet and has approximately ₹ 239 crores of cash and equivalents, showing Return on Capital employed of 33% and growth in earnings per share from ₹ 7.4 per share to ₹12.71 per share.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under clause 45(viii) (D)(1) of the Listing Agreement is disclosed separately in the Annual Report.

DIVIDEND / TRANSFER TO RESERVES

Considering the record profits and the better liquidity position of your Company, your Directors are pleased to recommend payment of a final Dividend of ₹ 4.25 per equity share (@ 425 % on par value of ₹ 1/- each) subject to the approval of shareholders at the forthcoming Annual General Meeting, which along with the first interim Dividend of ₹ 1.75 /- per equity share and the second interim dividend of ₹ 1 /- per equity share adds up to a total dividend of ₹ 7/- per equity share (Previous Financial Year - ₹ 3.75/- per equity share of ₹ 1/- each).

If approved, the final Dividend will be paid to all those Equity Shareholders, whose names appear on the Register of Members of your Company on 23rd July, 2015 and to those whose names appear as beneficial owners in the records of National Securities Depository Ltd and Central Depository Services (India) Ltd., as on the said date.

Your Company proposes to transfer ₹ 12,00,00,000 (Rupees Twelve Crores) to the general reserve.

BOARD MEETINGS

During the Financial Year under review, the Board of Directors met six times. The Meetings of the Board were held on 26th May, 2014, 11th August, 2014, 8th September, 2014, 7th November, 2014, 6th February, 2015 and 31st March, 2015.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. S B Ghia, 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 given in the notes to the Notice of the ensuing AGM.

During the Financial Year under review, Ms Radhika Rajan was appointed as an Additional Director to fulfil the requirement of appointing a Woman Independent Director on the Board of your Company and now it is proposed to appoint her for a period of five years at the ensuing Annual General Meeting. Mr Suresh Talwar, Mr Pradip P Shah and Mr B K Syngal were appointed during the Financial Year as Independent Directors for a consecutive term of five years from the date of the previous AGM and shall not be liable to retire by rotation.

Mr Venkatraman N, Chief Financial Officer, also designated as a Key Managerial Personnel, had resigned from the services of the Company with effect from 9th April, 2015, for personal reasons.

Subsequently, Mr. Prasanna Oke has been appointed as the Chief Financial Officer and designated as a Key Managerial Personnel of your Company with effect from 19th May 2015. Mr. Prasanna Oke is a graduate from University of Pune and holds an MBA Degree from the Indian Institute of Management, Ahmedabad. He has over 20 years of experience across functions like Finance, Operations, Sales and M&A. Over the years, Mr. Prasanna has been associated with Companies such as ITW Signode, MBL India, Dragoco, and Ness Technologies. Prior to joining your Company, he worked with Globalshiksha.com as the Chief Operating Officer.

INDEPENDENT DIRECTORS

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

Your Company has received necessary declaration from the Independent Directors under Section 149(7) of the Companies Act, 2013 that they meet the criteria of their Independence laid down in Section 149(6) of the Companies Act, 2013.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (a) in the preparation of the annual accounts for the Financial Year ended 31st March, 2015, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;
- (c) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (d) the Directors had prepared the annual accounts on a going concern basis;
- (e) the Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the Directors had 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 AFFECTING FINANCIAL POSITION BETWEEN THE END OF FINANCIAL YEAR AND DATE OF REPORT

There have been no material changes and commitments affecting financial position between the end of the Financial Year and date of report.

AUDIT COMMITTEE

The Audit Committee comprises of Mr B K Syngal (Chairman), Mr Pradip P Shah and Mr S B Ghia as its members. The Committee met five times during the Financial Year under the review and all its recommendations were accepted by the Board.

Your Company has established Vigil Mechanism which provides for direct access to the Chairman of the Audit Committee in cases that require reporting about the unethical behaviour, actual or suspected fraud or violation of code of conduct laid down by your Company. This mechanism covers questionable financial or accounting matters and reporting fraudulent financial information to the shareholders, the government, the financial markets or any other legal authorities.

NOMINATION AND REMUNERATION COMMITTEE & STAKEHOLDERS RELATIONSHIP COMMITTEE

During the Financial Year under review, your Company has reconstituted the Nomination and Remuneration Committee and the Stakeholders Relationship Committee, in line with the requirements of the Companies Act, 2013 and the Listing Agreements entered into with the Stock Exchanges.

The present composition of the Nomination and Remuneration Committee includes Mr Suresh Talwar (Chairman), Mr Viren Raheja, Mr B K Syngal and Mr S B Ghia as its members. The Nomination and Remuneration Committee has laid down a policy for remuneration of Directors, KMP and other Employees. A copy of the Policy forms part of this Report as **ANNEXURE I**.

The Stakeholders Relationship Committee comprises of Mr S B Ghia (Chairman), Mr P Srikar Reddy and Mr M D Dalal as its members.

SUBSIDIARY COMPANIES

The Consolidated Accounts of your Company and its subsidiaries viz., Sonata Information Technology Limited, Sonata Software North America Inc., USA (formerly known

as Offshore Digital Services Inc), Sonata Software GmbH, Germany, Sonata Europe Limited, UK, Sonata Software FZ LLC, Dubai, Sonata Software (Qatar) LLC, Qatar and Rezopia Inc, USA duly audited are presented as part of this Report in accordance with Accounting Standard 21 and the Listing Agreement with the Stock Exchanges, wherever applicable. The statement pursuant to the proviso to section 129(3) of the Companies Act, 2013, containing salient features of the financial statement of the Company's Subsidiaries in Form AOC-1 is given in **ANNEXURE II**.

The audited accounts of subsidiaries (including overseas subsidiaries) shall be placed on your Company's website and made available for inspection by any shareholder at the Company's Registered Office and at the respective registered offices of the subsidiary companies. Copies can be made available on request to the shareholders of the Holding and Subsidiary Companies.

During the Financial Year under review your Company's application for closure of Sonata Technology Solutions (India) Limited, a wholly owned subsidiary Company in India under Fast Track Exit Scheme was approved.

Your Company had through its wholly owned subsidiary Company Sonata Software North America Inc., acquired a strategic controlling stake in Rezopia Inc., the first cloud based end to end reservations, contracts, operations and distribution management systems platform for travel providers, headquartered in California, USA. The acquisition was aimed at enabling both Companies to leverage mutual strengths and opportunities in serving emerging IT solution needs in the global Travel industry. In a separate transaction, your Company also acquired the businesses of Xyka India Pvt. Ltd. which is a primary service provider to Rezopia's platform.

During the Financial Year under review, your Company has formulated and adopted a "Policy for determining Material Subsidiaries"; so that your Company could identify such subsidiaries and set out a governance framework for them. A copy of the Policy forms part of this Report as **ANNEXURE III**.

EMPLOYEE STOCK OPTION PLAN "ESOP"

During the Financial Year under review, your Company has adopted a new Employee Stock Option Plan, 2013 (Plan) to align its existing employee benefit scheme in accordance with the SEBI Guidelines. The principal objectives of this Plan are to:

- (a) attract, retain and motivate talented and critical Employees;
- (b) encourage Employees to align individual performance with the Group's objectives;
- (c) reward Employee performance with ownership in proportion to their contribution;
- (d) align Employee interest with those of the Group.

Mr. P Srikar Reddy, Managing Director & CEO who was granted options to purchase equivalent shares under the Plan, had during

the Financial Year, exercised 1,50,000 (One Lakh Fifty Thousand) options of your Company at an exercise price of ₹ 18.10 per share. Further, 75,000 options of your Company have been vested in him as on 31st March, 2015 which have not as on the date of this Report been exercised by him.

Pursuant to the requirements of the SEBI Guidelines, a certificate has been issued by the Auditors of your Company confirming that the Plan has been implemented in accordance with the Regulations and in accordance with the resolution of the Company in the Nineteenth Annual General Meeting. A copy of the Certificate shall be placed before the Shareholders for inspection at the ensuing Annual General Meeting.

SECRETARIAL AUDIT

Secretarial Audit report as provided by Mr Praveen Kumar D, Practising Company Secretary is annexed to this Report as **ANNEXURE IV**.

COST AUDIT

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

QUALIFICATIONS IN AUDIT REPORTS

Your Company confirms that there are no qualifications in the Statutory Auditor's Report for the Financial Year.

However, qualifications were observed by the Secretarial Auditor in his Report to which the Board has shared the following explanations:

Qualification 1: In respect of compliance under the provisions of the Special Economic Zone, Act, 2005, the Company has not registered the Lease Deed entered into with the Developer as per the terms of conditions of approval mentioned in the initial Letter of Approval dated 7th March, 2008 and the non-compliance continues even during the Financial Year under review.

Response 1: Your Company has entered into various Lease Deeds floor wise at different points of time depending upon requirement of space and now that entire building is occupied by the Company, it is in the process of consolidating all these lease deeds into one and the same would be duly registered during the current year.

Qualification 2: In respect of compliance under the provisions of the Foreign Exchange Management Act 1999 and the Rules and Regulations made thereunder, the Company has belatedly filed, the Annual Return on Foreign Liabilities and Assets for FY 2013-14 on May 11, 2015, which was supposed to be filed on or before July 15, 2014.

Response 2: Your Company has filed within due dates Annual Performance Reports ("APR") duly certified by the Auditors with RBI with regard to all its overseas subsidiaries and mistakenly understood that with the filing of APRs (which essentially also

captures about the foreign assets/liabilities), there would not be a separate requirement to file Annual Return on Foreign Liabilities and Assets with RBI. However, after realizing that these returns are reviewed by two separate departments of RBI and that it is required to be filed, your Company immediately took steps to file the same.

SECRETARIAL STANDARDS

Though during the Financial Year under review, none of the Secretarial Standards have been notified by Central Government. However, your Company has voluntarily complied with some of the provisions of the Secretarial Standards issued by the Institute of Company Secretaries of India.

EXTRACT OF ANNUAL RETURN

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

RECOGNITION

During the Financial Year under review, your Company and its subsidiaries were felicitated with followings recognitions:

- a) **"SAP Pinnacle Award"** for SME Value- Added Reseller of the Year;
- b) **"SAP Partner of the Year- General Business"** for significant contributions made in developing and growing partnerships with SAP and driving customer success;
- c) **"2014 Microsoft Country Partner of the Year"**, recognized for providing outstanding solutions and services, as well as demonstrating excellent subsidiary engagement in India at the World Partner Conference in Washington DC;
- d) **"LSP Partner of the Year and Alliance Partner of the Year"** awards at the Microsoft Partner Summit.

Further, your Company was also shortlisted as finalist for the **"Namma Bengaluru 2014"** award under Corporate Social Responsibility category.

Also, your Company took active participation in the community services for the Financial Year under review. The employees actively participated in **"Daan Utsav"** – an annual **'Joy of Giving Week'** program that helped your Company collect funds for CSR initiatives spanning contributions to flood relief for Jammu & Kashmir and disadvantaged children. This way, your Company helped foundations like Goonj, Ankura, Manonanda, Ananthashishu Nivasa and Bosco Mane. The Blood Donation camps were also a big success which were organized across locations.

Your Company was also instrumental in partnering with the Centre for Entrepreneurship Development and Incubation at NIT Trichy to fund student innovation and entrepreneurship programs.

QUALITY

Your Company continues to achieve customer delight by adopting best practices from the industry as well as proven quality models. During the Financial Year under review, your Company successfully completed the re-appraisal of its delivery processes and achieved Level 5 of CMMI, v1.3. The project delivery teams are implementing the practices for ensuring predictable delivery and project success and take mid-course corrective actions as required.

Your Company continued to adhere to enterprise-wide ISO certification for ISO 20000:2011 (Service Management), ISO 9001:2008 (Quality Management) and the Security Management Standard ISO 27001:2005.

Knowledge Management (KM) process is strengthened in all strategic accounts by setting up the KM portal and promoting KM practices aligned to the Customer-specific Center of Excellence. Process Automation is planned to improve the efficiency in delivery lifecycle.

As a part of its ongoing quality assurance philosophy, your Company is enhancing the effectiveness of the delivery by strengthening its delivery excellence function.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy:

Though your Company does not have energy intensive operations, every endeavour has been made to ensure the optimal usage of energy, avoid wastage and conserve energy. As an ongoing process your Company continued to undertake the following measures to conserve energy:

- Using energy-efficient computers and equipment with the latest technologies, this would help in conservation of energy.
- Installation of sensors at work space area.
- Control measures at HVAC vertical to create advanced air cooling since HVAC contributes 70% of the energy utilization.
- Installation of LCD/LED monitors (energy efficient) in place of normal CRT monitors, thereby saving energy.
- Usage of LED lighting in common areas.
- Turning off air conditioners during non-peak hours and on weekends.
- Consolidation of facilities.
- Operating only one elevator in buildings having two elevators after 7 pm.

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

- Installation of LED lights to replace CFLs in lift lobby areas & conference rooms to optimize power consumption.
- Installation of LED lights in newly commissioned production areas and new projects like the CEC
- Individual controls for lighting systems

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

(B) Technology absorption:

During the Financial Year under review, your Company focused its efforts and built competencies in areas of Mobility, Omni channel commerce, Analytics and Cloud. Dedicated Competency teams were setup for each of these. Your Company also entered into alliances with global technology leaders in these areas that helped in absorption of technology competencies. Key benefits in technology include development of Retina - Analytics solution for Retail companies. Your Company also developed suite for process engineering tools called ADEPT, that helps reduce costs and improve quality of end products.

(C) Foreign Exchange earnings and Outgo

During the Financial Year under review, 91.54% of the revenue came from exports of developed software and related services to clients in USA, UK, Australia, Germany, UAE, Japan, Singapore, Denmark and Europe.

Foreign Exchange outgo on account of travelling, professional and legal charges, subsistence/living costs, overseas salaries, capital goods, etc was ₹ 52.34 crores and Foreign Exchange inflow on account of export of software services (net), Dividend and other operating revenues was ₹ 416.65 crores.

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

During the Financial Year under review, your Company has in line with its expansion plans, become operational in the new geographies like France by leveraging its existing connection with Global Alliance Partners like SAO, Microsoft and also working towards finding new customer connects in these Geographies. Apart from this your Company has identified a strong set of prospective customers globally based on research and data

analysis and has strategized plans for converting these prospects into wins. A robust sales team with Senior leadership at the helm of affairs has been sufficiently enabled to venture into all possible market opportunities across all geographies.

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public during the Financial Year under review.

HUMAN RESOURCES MANAGEMENT

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

- Career Planning & Development initiative where employees shared their aspirations & the organization worked towards the realization by aligning opportunities to aspirations, key developmental interventions & providing employees with the required support & infrastructure;
- Senior Leadership Development through a 360° feedback process, key developmental interventions through Executive Coaching, Leadership Development Program & Sponsoring Key leaders to Strategic Leadership Programs with B-schools;
- An organization-wide Employee Engagement Survey seeking feedback from employees on how we can make Sonata a Great Place to work;
- Constituting location HR teams and local leadership Councils to address feedback received from the Employee Engagement Survey;
- A Culture Audit to strengthen Organizational transformation;
- Competency framework – Creation of a comprehensive framework along with the competency dictionary;
- Annual review of Compensation & Benefits to aligning it to the Industry and administering it globally;
- Organized several employee engagement & CSR events across our facilities enabling employees to engage, participate, contribute and do their bit to our society and
- Your Company launched the new Rewards & Rewards Program to create a recognition and appreciation culture to ensure a positive reinforcement of behaviours of caring and respect aligned with a strong focus on our business strategy for customer success and corporate responsibility.

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

- Your Managing Director & CEO along with his Leadership team shared the Company strategy, plans & key focus areas

- Unveiled your Company's compelling Vision that inspires, engages, energizes and empowers Sonatians, which brings us together to work as a team to collaborate and achieve excellence.
- Your Company shared the organizational DNA [Deeper Nurtured Attributes] which is important for all Sonatians to imbibe, nurture and demonstrate in our all actions enabling us to achieve excellence as Individuals & teams

The ACM enabled employees to develop a sense of purpose, vision and helped them align and give a deep sense of belonging to the organization's strategy, plans & objectives.

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

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

Your Company through the Policy has constituted a committee and has established a grievance procedure for protection against victimization. The Policy is available on intranet for the employees to access as and when required.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Your Company has deployed adequate Internal Control Systems (ICS) in place to ensure a smooth functioning of its business. The processes and the systems are reviewed constantly and changed to address the changing regulatory and business environment. The Control Systems provide a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets.

The ERP system which your Company had implemented has helped in further strengthening the ICS that are in place.

The existing ICS and their adequacy are frequently reviewed and improved upon to meet the changing business environment. The internal auditors periodically review the internal control systems, policies and procedures for their adequacy, effectiveness, and continuous operation for addressing risk management and mitigation strategies.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the Financial Year under review, your Company has given Inter Corporate Deposits at prevailing bank lending rate

to its Wholly owned subsidiary, Sonata Information Technology Ltd. for meeting its working capital requirements. The balance outstanding as on 31st March 2015 is 'NIL'. The maximum amount outstanding at any point of time during the Financial Year has been ₹97.35 crores.

Also, your Company has given Corporate Guarantees on behalf of Sonata Information Technology Ltd. for facilitating its business needs. The outstanding amount as on 31st March, 2015 is as below:

Name of the Party	Amount in ₹ crores
Microsoft Regional Sales Corporation	12.5
Microsoft Corporation (India) Pvt. Ltd.	50.0
IBM India Ltd.	5.0

RISK MANAGEMENT POLICY :

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

CORPORATE SOCIAL RESPONSIBILITY POLICY (CSR):

Your Company has in pursuance to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, during the Financial Year, constituted a CSR Committee of the Board of Directors to (a) formulate and recommend a CSR policy, (b) recommend the amount of expenditure to be incurred on the CSR activities and (c) monitor implementation of the CSR policy from time to time.

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

- A Green Future – Partnered with Pangea Econet to plant and nurture trees across the Country
- Enable Heritage through IT – Partnered with Indian National Trust for Art and Cultural Heritage (Intach) to develop software solutions to help them promote the awareness for Heritage buildings & promote national art and culture
- Promote education to the impaired – Contributed to Sense International India, a Centre for Deaf and Blind in Bangalore
- Empower through IT - Partnered with NIT Trichy to establish technology incubation centers to aid Technology Institutions to encourage student innovation and entrepreneurship in the youth

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

RELATED PARTY TRANSACTIONS :

During the Financial Year under review, in line with the requirements of the Listing Agreement entered with the Stock Exchanges, your Company has formulated a Policy on materiality of Related Party transactions and for dealing with such transactions. A copy of the Policy forms part of this Report as **ANNEXURE VII**.

Particulars of the Contracts or Arrangements with related parties referred to in Section 188(1) in the format specified as Form AOC-2 forms part of this Report as **ANNEXURE – VIII**.

JUSTIFICATION FOR ENTERING INTO RELATED PARTY TRANSACTIONS:

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

FORMAL ANNUAL EVALUATION:

During the Financial Year under review, as mandated by the Companies Act, 2013, your Company conducted an exercise to evaluate the performance of the Board, Committees of the Board, Chairman of the Board, Individual Directors and the Independent Directors. As part of the evaluation process, individual criteria for each of the exercise was formulated. From these, formal questionnaire listing various parameters on which each of the categories were required to be evaluated was shared with each member of the Board / Committee / Director. They were then required to rate individually on each of the parameters on a performance scale of 1-4. The average scores were then arrived at to conclude the performance/ contributions of the relevant evaluation.

The outcome of the process was used to list out areas and categorize them as exemplary, satisfactory, or areas that required improvement. Thereafter, corrective measures were recommended for implementation with immediate effect.

REMUNERATION TO DIRECTOR AND EMPLOYEES

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

LISTING WITH STOCK EXCHANGES:

Your Company confirms that it has paid the Annual Listing Fees for the Financial Year 2014-15 to NSE and BSE where the Company's Shares are listed.

CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION:

Your Company has taken adequate steps to adhere to all the stipulations laid down in Clause 49 of the Listing Agreement. A report on Corporate Governance is provided elsewhere in this Annual Report.

Certificate from the Statutory Auditors of your Company confirming the compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this report.

AUDITORS

M/s Deloitte Haskins & Sells, Chartered Accountants, (ICAI Registration No. 008072S), Bangalore, Statutory Auditors of your Company were appointed as Auditors from the conclusion of the previous Annual General Meeting (AGM) to the conclusion of the fourth consecutive AGM, subject to ratification of their appointment by the Members at every AGM held after this AGM) and accordingly, a resolution proposing ratification of their appointment is being submitted to the Shareholders at the ensuing AGM.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from all its clients, vendors, bankers, financial institutions, business associates, advisors, regulatory and government authorities.

Your Directors also take this opportunity to thank all its Shareholders and stakeholders for their continued support and all the Sonatians for their valuable contribution and dedicated service.

**FOR AND ON BEHALF OF THE BOARD
SONATA SOFTWARE LIMITED**

Place : Mumbai
Date : 19th May, 2015

PRADIP P SHAH
CHAIRMAN

ANNEXURE I

NOMINATION AND REMUNERATION POLICY

1] PREAMBLE

This Policy is formulated for the Company and all its Subsidiaries including but not limited to Sonata Information Technology Ltd, Sonata Europe Limited, Sonata Software North America Inc, etc to attract, motivate and retain high-caliber Senior Executives/Directors in a competitive market, who possess the required core competencies, professional backgrounds and skill sets in line with the nature and identity of the Company and its business. This Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for stakeholders.

2] OBJECTIVES

The objectives and purpose of this Policy are as follows:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (executive and non-executive) and persons who may be appointed in Senior Management (SMP) and Key Managerial positions (KMP) and to determine their Remuneration.
- To determine Remuneration based on the Company's size, financial position and trends and practices on Remuneration prevailing in peer companies, in the software industry.
- To carry out evaluation of the performance of Directors, as well as KMP and SMP.
- To provide them reward linked directly to their performance and potential relating to the Company's operations.

3] APPLICABILITY

This Policy is applicable to:

- Directors (executive and non-executive);
- KMP; and
- SMP

4] EFFECTIVE DATE

In the context of the aforesaid objectives, this Policy has been formulated by the Company and adopted by the board of Directors of the Company on 30th September, 2014 and this date will be deemed to be the effective date of this Policy.

5] DEFINITIONS

- 1) **"Act"** means the Companies Act, 2013 (as amended or modified from time to time) and applicable rules prescribed thereunder;
- 2) **"Board"** means the Board of Directors of the Company
- 3) **"Director"** means the Director appointed to the Board of the Company.
- 4) **"Committee"** means Nomination and Remuneration Committee of M/s. Sonata Software Limited as constituted or reconstituted by the Board.
- 5) **"Company"** means M/s. Sonata Software Limited and its Subsidiaries.
- 6) **"Independent Director"** means a Director referred to in Section 149(6) of the Act.
- 7) **"Key Managerial Personnel" (KMP)** means-
 - The Chief Executive Officer or the Managing Director or the Manager;
 - The Company Secretary;
 - The whole-time Director;
 - The Chief Financial Officer
- 8) **"Policy"** means this Nomination and Remuneration Policy.
- 9) **"Senior Management Personnel" (SMP)** means personnel of the Company in cadre Senior Vice President and above.

Note: i) Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them therein.

ii) Words imparting the singular shall include the plural and vice versa. Words imparting a gender include every gender.

6] CONSTITUTION OF THE COMMITTEE

The Committee which is inter alia responsible for recommending the Remuneration for Directors, KMP and SMP, comprise of following Directors:

- i) Mr. S. N. Talwar, Chairman (Non – Executive Independent Director)
- ii) Mr. S. B. Ghia, Member (Non-Independent Non – Executive Director)
- iii) Mr. B. K. Syngal, Member (Non – Executive Independent Director)
- iv) Mr. Viren Raheja, Member (Non – Executive Director)

The Board has the power to reconstitute the Committee consistent with the Company's policies and applicable statutory requirement.

7] MATTERS TO BE DEALT WITH AND RECOMMENDED TO THE BOARD BY THE COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy; and
- Recommend to the Board, appointment and removal of Directors, KMPs and SMPs.

8] CRITERIA FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KMPs AND SMPs

8.1] Appointment criteria and qualifications:

8.1.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person who is proposed for appointment as Director, KMP or SMP and recommend to the Board about such proposed appointment.

8.1.2 A person should possess adequate qualification, expertise and experience for the position he is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

8.1.3 The Company shall not appoint or continue the employment of any person as Managing Director, whole-time Director or Manager who is below the age of twenty one years or who has attained the age of seventy years. Provided that the term of the person holding the described position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution which shall be based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond the age of seventy years.

8.2] Term / Tenure:

8.2.1 Managing Director/whole-time Director/Manager:

- The Company shall not appoint or employ at the same time a Managing Director and a Manager;

- The Company shall not appoint or re-appoint any person as a Managing Director or a whole-time Director or a Manager for a term exceeding five years at a time. Provided that no re-appointment shall be made earlier than one year before the expiry of his term.

8.2.2 Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company in this regard.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director of the Company. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 (Five) years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he shall be eligible for appointment for one more term of 5 (Five) years only.
- At the time of appointment of an Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven Listed companies as an Independent Director and three Listed companies as an Independent Director in case such person is serving as a whole-time Director in any Listed company.

8.2.3 KMP:

A whole-time KMP of the Company cannot hold the office in any other company except in its Subsidiary at the same time. However a Managing Director of the Company can hold the office in one another company provided such appointment is approved by a resolution passed at a meeting of the Board of Directors with the consent of all the Directors present at the meeting and of which meeting and of all the resolutions to be moved thereat, specific notice has been given to all the Directors then in India.

8.3] Evaluation:

The Committee shall diligently carry out annual evaluation of performance of every Director, KMP and SMP on the basis of the criteria(s) laid down by the Committee or the Company or under the Act.

8.4] Removal:

Due to the reasons for any disqualification prescribed under the Act or under any other applicable Acts, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing for removal of a Director, KMP or SMP and such removal shall be in compliance with the Act or any other applicable Acts, rules and regulations.

8.5] Retirement:

The Director, KMP and SMP shall retire as per the applicable provisions of the Act and in accordance with the applicable policy of the Company. The Committee or the Board will have the discretion to retain the Director, KMP, and SMP in the same position / Remuneration or otherwise even after their attaining of retirement age, for the benefit of the Company.

9] **TERMS OF REMUNERATION FOR THE DIRECTOR, KMP AND SMP**

9.1] General:

9.1.1 The Remuneration payable to the Director, KMP and SMP will be determined by the Committee and recommended to the Board for approval.

9.1.2 The Committee shall have the power to determine the Remuneration and commission to be paid to the Director which shall be in accordance with the provisions laid down in the Articles of Association of the Company and the Act.

9.1.3 Increments to the existing Remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.

9.1.4 Where any insurance is taken by the Company on behalf of its Directors, KMP and SMP for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the Remuneration payable to any such personnel. Provided that if such personnel is proved to be guilty, the premium paid on such insurance shall be treated as part of the Remuneration.

9.1.5 Compensation:

The Director, KMP and SMP at the discretion of the Committee may be entitled to fixed Pay on a monthly or yearly basis which may be divided into Basic, Performance Bonus, House Rent Allowance, Medical Allowance, Grade Allowance, etc. Appointment letter or contract will form the basis of eligibility of such pay/ allowances.

9.1.6 Benefits:

To continually enhance the standard of living of the Director, KMP and SMP and to ensure continual long term engagement, the Committee may extend benefits/welfare facilities such as group mediclaim insurance policy, long service award and such other benefits that the Committee deems fit, to the Director, KMP and SMP in accordance with the HR policies of the Company.

9.2 Remuneration to Executive Director, KMP and SMP:

9.2.1 Fixed pay:

The Executive Director, KMP and SMP shall be eligible for a monthly Remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, whenever necessary.

9.2.2 Minimum pay:

If, in any Financial Year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole-time Director and Manager in accordance with the provisions of Schedule V of the Act.

9.2.3 Provisions for excess Remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of Remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

9.3 Remuneration to Non- Executive / Independent Director:

9.3.1. Remuneration:

If required, Non-executive/Independent Directors may be paid Remuneration, which shall be fixed as per the slabs and conditions as deemed fit by the Committee and which shall be in accordance with the Articles of Association of the Company and the Act.

9.3.2 Sitting Fees:

The Non- Executive / Independent Director shall receive Remuneration by way of fees for attending Meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One lakh per Meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

9.3.3 Commission:

Commission may be paid within the monetary limit approved by shareholders, Central Government subject to the limit not exceeding 3% (three percent) of the profits of the Company computed as per the applicable provisions of the Act.

9.3.4 Stock Options:

An Independent Director and any Director who either himself or through his relative or through any Body Corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company shall not be entitled to any stock option of the Company.

10] AMENDMENTS

The Committee or the Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

ANNEXURE II

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

Part "A": Subsidiaries

Sl. No.	Name of the subsidiary	Sonata Information Technology Ltd.	Sonata Software North America Inc.	Sonata Software FZ LLC	Sonata Software GmbH	Sonata Europe Ltd., UK	Sonata Software Qatar LLC	Rezopia Inc.
1	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period	Same Reporting Period
2	Reporting currency	INR	USD	USD	EURO	GBP	USD	USD
3	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-	USD = ₹ 62.50	USD = ₹ 62.50	Euro = ₹ 67.19	GBP = ₹ 92.46	USD = ₹ 62.50	USD = ₹ 62.50
4	Share capital	33,753,940	18,750,000	8,508,063	1,679,750	507,176,386	3,442,500	5,375
5	Reserves & surplus	736,634,350	17,864,813	45,754,188	11,651,504	258,986,840	(16,423,500)	(3,885,750)
6	Total assets	3,117,458,573	682,253,078	136,420,625	18,663,874	814,067,121	2,683,438	34,081,761
7	Total Liabilities	3,117,458,573	682,253,078	136,420,625	18,663,874	814,067,121	2,683,438	34,081,761
8	Investments	-	95,291,438	-	-	-	-	-
9	Turnover	10,928,686,305	3,331,479,131	123,733,813	21,833,523	321,751,092	1,630,625	74,239,186
10	Profit / (Loss) before taxation	375,172,956	(27,984,625)	(4,813,875)	6,667,089	(39,202,115)	(3,243,188)	(14,314,438)
11	Provision for taxation	122,123,052	2,380,500	-	2,123,096	-	-	-
12	Profit / (Loss) after taxation	253,049,904	(30,365,125)	(4,813,875)	4,543,993	(39,202,115)	(3,243,188)	(14,314,438)
13	% of shareholding	100	100	100	100	100	49	60

Notes:

- 1) Rezopia Inc., USA has been acquired with effect from August 22, 2014
- 2) Sonata Technology Solutions Limited, India has been dissolved on June 18, 2014
- 3) Proposed dividend from any of the subsidiary is "NIL".

Part "B": Associates and Joint Ventures

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

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

For and on behalf of the Board of Directors		
PRADIP P SHAH Chairman	P SRIKAR REDDY Managing Director & CEO	M D DALAL Executive Vice Chairman
S B GHIA Director	VIREN RAHEJA Director	S N TALWAR Director
B K SYNGAL Director	RADHIKA RAJAN Director	R SATHYANARAYANA AVP - Finance & Accounts
		PRIYA MANOJ JASWANI Company Secretary

Place : Mumbai
Date: 19th May 2015

ANNEXURE – III

POLICY FOR DETERMINING MATERIAL SUBSIDIARY

INTRODUCTION

Sonata Software Limited (the “Company”) is an IT consulting and software services company with a track record of serving leading independent software vendors and enterprise customers around the globe. The Company has established subsidiaries in India and across the world in various countries such as US, Germany, UK, Dubai, Qatar etc. (including but not limited to Sonata Information Technology Limited, Sonata Software North America Inc., Sonata Europe Limited, Sonata Software GmbH, Sonata Software FZ LLC), most of which are wholly owned by the Company. In order to ensure good corporate governance and comply with the requirements of the revised Clause 49 of the equity listing agreement, it is necessary for the Company to formulate a policy to determine the material subsidiaries of the Company.

OBJECTIVE

In view of the requirements referred to above and for enhancement of its commitment to better corporate governance, the Company has adopted a policy for determining its material subsidiaries (the “Policy”). The objective of the Policy is to determine the material subsidiaries of the Company and set out the governance framework for such subsidiaries.

EFFECTIVE DATE

In the context of the aforesaid objectives, this Policy has been formulated by the Company and adopted by the board of Directors of the Company on 30 September 2014 and this date will be deemed to be the effective date of this Policy.

DEFINITIONS

“Act” means the Companies Act, 2013 and the rules made there under;

“Audit Committee” means the audit committee constituted by the Board, from time to time, under the provisions of the Act and the Listing Agreement;

“Board” means the board of Directors of the Company, as constituted from time to time;

“Holding Company” shall have the meaning given to it under Section 2(46) of the Act;

“Independent Director” shall mean a Director of the Company, other than a managing Director or a whole-time Director or a nominee Director, and who satisfies the criteria for independence prescribed under the Act and the Listing Agreement;

“Listing Agreement” means the listing agreement entered into between the Company and the stock exchange(s) on which its shares are listed;

“Non-Listed Subsidiary” means a Subsidiary of the Company whose shares are not listed on any recognized stock exchange;

“Significant Transactions and Arrangements” means any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the material unlisted subsidiary for the immediately preceding accounting year; and

“Subsidiary” shall have the meaning given to it under Section 2(87) of the Act.

Any capitalized terms used but not defined in this Policy shall have the meaning given to them under the Act, the Listing Agreement, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or any other applicable rules, guidelines and regulations prescribed there under.

CRITERIA FOR DETERMINING MATERIAL SUBSIDIARIES

A. A Subsidiary shall be considered a “Material Subsidiary” if:

- (i) the investment of the Company in such Subsidiary exceeds 20% (twenty per cent.) of its consolidated net worth as per the audited balance sheet of the previous financial year; or
- (ii) such Subsidiary has generated 20% (twenty per cent.) of the consolidated income of the Company during the previous financial year.

B. A Subsidiary shall be considered a “Material Non-Listed Indian Subsidiary” if:

It is an unlisted Subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

GOVERNANCE OF MATERIAL SUBSIDIARIES

A. Compliances with respect to Material Non-Listed Indian Subsidiary

At least one Independent Director of the Company shall be appointed as a Director on the board of each Material Non-Listed Indian Subsidiary.

B. Compliances with respect to Material Subsidiaries

The Company shall not, without the prior approval of its shareholders by way of a special resolution:

- (i) dispose of shares held in its Material Subsidiaries which would have the effect of reducing its shareholding (either on its own or together with other Subsidiaries) to less than 50% (fifty per cent.);
- (ii) cease the exercise of control over any Material Subsidiary; or
- (iii) sell, dispose or lease assets amounting to more than 20% (twenty per cent.) of the assets of the Material Subsidiary on an aggregate basis during any financial year,

unless such disinvestment, sale, disposal or lease is made under a scheme of arrangement duly approved by a Court / Tribunal.

C. Compliances with respect to Non-Listed Subsidiaries (including any Material Subsidiary and Material Non-Listed Indian Subsidiary)

- (i) The Audit Committee of the Company shall review the financial statements of its Non-Listed Subsidiaries, in particular, the investments made by such Non-Listed Subsidiaries.
- (ii) The minutes of the board meetings of the Non-Listed Subsidiary shall be placed before the Board of the Company at regular intervals.

- (iii) The Board shall also review all Significant Transactions and Arrangements entered into by Non-Listed Subsidiaries. The management shall periodically bring to the attention of the Board, a statement of all Significant Transactions and Arrangements entered into by Non-Listed Subsidiaries.

D. Compliance by step down Subsidiaries

Where the Company has a listed Subsidiary which is itself a Holding Company, then this Policy shall also apply to such listed Subsidiary insofar as its Subsidiaries are concerned.

DISCLOSURES

The Company shall disclose this Policy on the Company's website and a weblink to the same shall also be provided in the Annual Report of the Company.

AMENDMENT

The Board may on its own and/or as per the recommendations of the Audit Committee amend this Policy, as and when deemed fit. Any or all provisions of this Policy would be subject to revision / amendment in accordance with the rules, regulations, notifications etc. on the subject as may be issued by relevant statutory authorities, from time to time.

In case of any amendments, clarifications, circulars etc. issued by the relevant authorities are not consistent with the provisions laid down under this Policy, then such amendments, clarifications, circulars etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendments, clarifications, circulars etc.

ANNEXURE – IV

SECRETARIAL AUDIT REPORT

For the Financial Year ended on March 31, 2015

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

To,

The Members,

Sonata Software Limited

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, 2015 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, 2015 according to the provisions of:

- (i) The Companies Act 2013 and the Rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act 1956 and the Rules made thereunder.
- (iii) The Depositories Act 1996, Regulations and Bye-Laws framed.
- (iv) The Foreign Exchange Management Act 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act"):

- (a) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011;
- (b) SEBI (Prohibition of Insider Trading) Regulations 1992;
- (c) SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009;
- (d) SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999;
- (e) SEBI (Issue and Listing of Debt Securities) Regulations 2008;
- (f) SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act and dealing with client;
- (g) SEBI (Delisting of Equity Shares) Regulations 2009; and
- (h) SEBI (Buyback of Securities) Regulations 1998.

- (vi) The Special Economic Zone Act, 2005 and Policy relating to Software Technology Parks of India and its regulations ("STP Scheme"), which are specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India - Not applicable to the Company during the period under review since the Central Government had not approved the Secretarial Standards in accordance with the requirement of Section 118(10) of the Companies Act, 2013.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above subject to the following observations:

1. In respect of compliance under the provisions of the Special Economic Zone, Act, 2005, the Company has not registered the Lease Deed entered into with the Developer as per the terms of conditions of approval mentioned in the initial Letter of Approval dated March 7, 2008 and the non-compliance continues even during the year under review.
2. In respect of compliance under the provisions of the Foreign Exchange Management Act 1999 and the Rules and Regulations made thereunder, the Company has belatedly

filed, the Annual Return on Foreign Liabilities and Assets for FY 2013-14 on May 11, 2015, which was supposed to be filed on or before July 15, 2014.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all Directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance; and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has not taken any action or had any specific event having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Place : Bangalore

Date : May 11, 2015

Signature:.....

Name of PCS: CS Praveen Kumar D

FCS No. 6706

CP No.10862

ANNEXURE – V

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on financial year ended on 31.03.2015

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

I REGISTRATION & OTHER DETAILS:

i	CIN	L722008MH1994PLC082110
ii	Registration Date	12/10/1994
iii	Name of the Company	SONATA SOFTWARE LIMITED
iv	Category/Sub-category of the Company	Public limited Company
v	Address of the Registered office & contact details	NO 208 TV INDUSTRIAL ESTATE, S K AHIRE MARG, WORLI, MUMBAI - 400030
vi	Whether listed Company	Listed on NSE and BSE
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt Ltd Registrars and Share Transfer Agents Road Karvy Selenium Tower B, Plot No.31-32, India Gachibowli, Financial District, Nanakramguda, Tel : (080) 67782408, Hyderabad - 500 032, India

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the Company
1	Other Information Technology and Computer Services activities	620999	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Sonata Information Technology Limited	U72300MH2000PLC127476	Subsidiary	100	2(87)(ii)
2	Sonata Software North America LLC	NIL	Subsidiary	100	2(87)(ii)
3	Sonata Europe Limited	NIL	Subsidiary	100	2(87)(ii)
4	Sonata Software GmbH	NIL	Subsidiary	100	2(87)(ii)
5	Rezopia Inc	NIL	Subsidiary	60% held by Sonata Software North America LLC	Expln(a) to section 2(87)
6	Sonata Software FZ-LLC, Dubai	NIL	Subsidiary	100	2(87)(ii)
7	Sonata Software (Qatar) LLC, Qatar	NIL	Subsidiary	49	2(87)(ii)

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian	29717210	0	29717210	28.26	29442210	0	29442210	28.00	-0.26
a) Individual/HUF	0	0	0	0.00	0	0			
b) Central Govt.or State Govt.	0	0	0	0.00					
c) Bodies Corporates	4767951	0	4767951	4.53	4597951	0	4597951	4.37	-0.16
d) Bank/FI	0	0	0	0.00	0	0			
e) Any other	0	0	0	0					
SUB TOTAL (A) (1)	34485161	0	34485161	32.79	34040161	0	34040161	32.37	-0.42
(2) Foreign									
a) NRI- Individuals	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	34485161	0	34485161	32.79	34040161	0	34040161	32.37	-0.42
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	1285	0	1285	0	214522	0	214522	0.20	0.20
b) Banks/FI	448311	0	448311	0.43	61861	0	61861	0.06	-0.37
c) Cenntal govt	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FII/S	4486243		4486243	4.27	8625024	0	8625024	8.20	2.93
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	4935839	0	4935839	4.69	8901407	0	8901407	8.46	3.77
(2) Non Institutions									
a) Bodies corporates	8968446	16000	8984446	8.54	8801706	0	8801706	8.37	-0.17
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	28782551	1910260	30692811	29.19	25639272	1623194	27262466	25.92	-3.26
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakhs	22048419	0	22048419	20.97	21799649	0	21799649	20.73	-0.24
c) Others (specify)		0							
DIRECTORS	1415004	0	1415004	1.35	1565004	0	1565004	1.49	0.14
CLEARING MEMBERS	178563	0	178563	0.17	332594	0	332594	0.32	0.15
NON RESIDENT INDIANS	622938	0	622938	0.59	800644	0	800644	0.76	0.17
TRUST	724825	1071300	1796125	1.71	584375	1071300	1655675	1.57	-0.14
Qualified Foreign Investor	0	0	0	0.00	0		0	0	
SUB TOTAL (B)(2):	62740746	2997560	65738306	62.5	59523244	2694494	62217738	59.17	-3.35
Total Public Shareholding									
(B) = (B)(1) + (B)(2)	67676585	2997560	70674145	67.21	68424651	2694494	71119145	67.63	0.42
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	102161746	2997560	105159306	100.00	102464812	2694494	105159306	100.00	

(ii) SHARE HOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	VIREN RAHEJA	8250000	7.85	0.00	8250000	7.85	0.00	0.00
2	AKSHAY RAHEJA	8250000	7.85	0.00	8250000	7.85	0.00	0.00
3	SUMAN RAHEJA	6900000	6.56	0.00	6900000	6.56	0.00	0.00
4	RAJAN B RAHEJA	4787450	4.55	0.00	4787450	4.55	0.00	0.00
5	BHUPATI INVESTMENTS AND FINANCE PRIVATE LIMITED	2384826	2.27	1.78	2384826	2.27	1.78	0.00
	MUKUND D DALAL	1294600	1.23	0.00	1019600	0.97	0.00	-0.26
7	EXCELSIOR CONSTRUCTION COMPANY PRIVATE LIMITED	1150000	1.09	0.00	1150000	1.09	0.00	0.00
8	BHUPATI INVESTMENTS AND FINANCE PRIVATE LIMITED	350114	0.33	0.00	350114	0.33	0.00	0.00
9	BHUPATI INVESTMENTS AND FINANCE PRIVATE LIMITED	332000	0.32	0.00	312000	0.30	0.00	0.00
10	BELA MUKUND DALAL	154000	0.15	0.00	154000	0.15	0.00	0.00
11	BHUPATI INVESTMENTS AND FINANCE PRIVATE LIMITED	150000	0.14	0.00	0	0.00	0.00	-0.14
12	TROPHY INVESTMENT & FINANCE PRIVATE LIMITED	143000	0.14	0.00	143000	0.14	0.00	0.00

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
13	GSTAAD INVESTMENT & FINANCE PRIVATE LIMITED	143000	0.14	0.00	143000	0.14	0.00	0.00
14	DALTREYA INVESTMENT & FINANCE PRIVATE LTD	100000	0.10	0.00	100000	0.10	0.00	0.00
15	BELA M DALAL	69500	0.07	0.00	69500	0.07	0.00	0.00
16	BHUPATI INVESTMENTS AND FINANCE PVT LTD	12457	0.01	0.00	12457	0.01	0.00	0.00
17	MUKUND DHARAMDAS DALAL	6660	0.01	0.00	6660	0.01	0.00	0.00
18	SHYAM BHUPATIRAI GHIA	5000	0.00	0.00	5000	0.00	0.00	0.00
19	BHUPATI INVESTMENTS AND FINANCE PVT. LTD.	2000	0.00	0.00	2000	0.00	0.00	0.00
20	BHUPATI INVESTMENTS AND FINANCE PVT. LTD.	554	0.00	0.00	554	0.00	0.00	0.00
		34485161	32.79	1.78	34040161	32.37	1.78	-0.42

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.	Name of the Shareholder	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	M D Dalal				
	At the beginning of the year	1301260	1.24	1301260	1.24
	Sale of Shares on 06.10.2014	5000	0.00	1296260	1.2
	Sale of Shares on 08.10.2014	5000	0.00	1291260	1.2
	Sale of Shares on 09.10.2014	2000	0.00	1289260	1.2
	Sale of Shares on 10.10.2014	2000	0.00	1287260	1.2
	Sale of Shares on 14.10.2014	1000	0.00	1286260	1.2
	Sale of Shares on 18.11.2014	50000	0.05	1236260	1.2
	Sale of Shares on 17.03.2015	200000	0.19	1036260	1.0
	At the end of the year			1036260	
	BHUPATI INVESTMENTS AND FINANCE PVT. LTD.				
	At the beginning of the year	3231951	3.07	3231951	3.07
	Sale of Shares on 17.11.2014	170000	0.16	3061951	2.91
	At the end of the year			3061951	

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

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	HEMENDRA M KOTHARI				
	At the beginning of the year	9050000	8.61	9050000	8.61
	Purchase of Shares	1610026	1.53	10660026	10.14
	At the end of the year (or on the date of separation, if separated during the year)			10660026	

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
2	AKSHAY RAJAN RAHEJA				
	At the beginning of the year	8250000	7.85	8250000	7.85
	No change during the year				
	At the end of the year (or on the date of separation, if separated during the year)			8250000	7.85
3	VIREN RAHEJA	8250000	7.85	8250000	7.85
	At the beginning of the year				
	No change during the year			8250000	7.85
	At the end of the year (or on the date of separation, if separated during the year)			8250000	7.85
4	SUMAN RAHEJA				
	At the beginning of the year	6900000	6.56	6900000	6.56
	No change during the year				
	At the end of the year (or on the date of separation, if separated during the year)			6900000	6.56
5	RAJAN B RAHEJA				
	At the beginning of the year	4787450	4.55	4787450	4.55
	No change during the year				
	At the end of the year (or on the date of separation, if separated during the year)			4787450	4.55
6	GOLDMAN SACHS INDIA FUND LIMITED				
	At the beginning of the year	0	0	0	0.00
	Initial Investment in the Company on 23.03.2015	2894733	2.75	2894733	2.75
	Purchase of Shares on 27.03.2015	19968	0.02	2914701	2.77
	Purchase of Shares on 31.03.2015	19900	0.02	2934601	2.79
	At the end of the year (or on the date of separation, if separated during the year)			2934601	2.79
7	PRESCIENT SECURITIES PRIVATE LIMITED				
	At the beginning of the year	0		0	
	Initial Investment in the Company on 05.09.2014	3059700	2.91	3059700	2.91
	Sale of Shares on 10.10.2014	59700	0.06	3000000	2.85
	Sale of Shares on 7.11.2014	200000	0.19	2800000	2.66
	Sale of Shares on 19.12.2014	140213	0.13	2659787	2.53
	Sale of Shares on 31.12.2014	21191	0.02	2638596	2.51
	Sale of Shares on 09.01.2015	82471	0.08	2556125	2.43
	Sale of Shares on 23.01.2015	12528	0.01	2543597	2.42
	Sale of Shares on 13.02.2015	43597	0.04	2500000	2.38
	At the end of the year (or on the date of separation, if separated during the year)			2500000	2.38
8	BHUPATI INVESTMENTS AND FINANCE PVT. LTD.				
	At the beginning of the year	3231951	3.07	3231951	3.07
	Sale of Shares on 17.11.2014	170000	0.16	3061951	2.91
	At the end of the year			3061951	

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
9	ORANGE MAURITIUS INVESTMENTS LIMITED				
	At the beginning of the year	4460000	4.24	4460000	4.24
	Purchase of Shares on 19.12.2014	200000	0.19	4660000	
	Purchase of Shares on 31.12.2014	45000	0.04	4705000	4.47
	Sale of Shares on 06.03.2015	210000	0.20	4495000	4.27
	Sale of Shares on 20.03.2015	2688489	2.56	1806511	1.72
	At the end of the year			1806511	1.72
10	EXCELSIOR CONSTRUCTION COMPANY PRIVATE LIMITED				
	At the beginning of the year	1150000	1.09	1150000	1.09
	No change during the year				
	At the end of the year (or on the date of separation, if separated during the year)			1150000	1.09

(v) Shareholding of Directors & KMP

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	VIREN RAHEJA, DIRECTOR				
	At the beginning of the year	8250000	7.85	8250000	7.85
	No change during the year				
	At the end of the year (or on the date of separation, if separated during the year)			8250000	7.85
2	M D DALAL, DIRECTOR				
	At the beginning of the year	1301260	1.24	1301260	1.24
	Sale of Shares on 06.10.2014	5000	0.00	1296260	1.2
	Sale of Shares on 08.10.2014	5000	0.00	1291260	1.2
	Sale of Shares on 09.10.2014	2000	0.00	1289260	1.2
	Sale of Shares on 10.10.2014	2000	0.00	1287260	1.2
	Sale of Shares on 14.10.2014	1000	0.00	1286260	1.2
	Sale of Shares on 18.11.2014	50000	0.05	1236260	1.2
	Sale of Shares on 17.03.2015	200000	0.19	1036260	1.0
	At the end of the year				1036260
3	S B GHIA, DIRECTOR				
	At the beginning of the year	5000	0.00	5000	0.00
	No change during the year				
	At the end of the year (or on the date of separation, if separated during the year)			5000	0.00
4	S N TALWAR, DIRECTOR				
	At the beginning of the year	50000	0.05	50000	0.05
	No change during the year				
	At the end of the year (or on the date of separation, if separated during the year)			50000	0.05
5	P SRIKAR REDDY, MD & CEO				
	At the beginning of the year	1365004	1.30	1365004	1.30
	Purchase of Shares on 07.07.2014	150000	0.14	1515004	1.44
	At the end of the year (or on the date of separation, if separated during the year)			1515004	1.44

Sl. No	For Each of the Directors & KMP	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
6	VENKATRAMAN N, CFO & KMP				
	At the beginning of the year	106000	0.10	106000	0.10
	Sale of Shares on 4.12.2014	6000	0.01	100000	0.10
	Sale of Shares on 8.12.2014	6000	0.01	94000	0.09
	Sale of Shares on 9.12.2014	4000	0.00	90000	0.09
	Sale of Shares on 11.02.2015	20000	0.02	70000	0.07
	Sale of Shares on 11.03.2015	10000	0.01	60000	0.06
	Sale of Shares on 12.03.2015	5000	0.00	55000	0.05
	Sale of Shares on 13.03.2015	5000	0.00	50000	0.05
	At the end of the year (or on the date of separation, if separated during the year)			50000	0.05
7	PRIYA MANOJ JASWANI, COMPANY SECRETARY KMP	NIL		NIL	

V. INDEBTNESS

(₹ in Crores)

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposit	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year 01.04.14	Indebtedness at the beginning of the financial year 01.04.14			
i) Principal Amount	5.69	Nil	Nil	5.69
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	5.69	-	-	5.69
Change in Indebtedness during the financial year				
Additions	418.22	Nil	Nil	418.22
Reduction	418.60	Nil	Nil	418.60
Net Change	-0.38	Nil	Nil	-0.38
Indebtedness at the end of the financial year 31.03.2015				
i) Principal Amount	5.32	Nil	Nil	5.32
ii) Interest due but not paid	0.17	Nil	Nil	0.17
iii) Interest accrued but not due	Nil	Nil	Nil	Nil

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time Director:

(Amount in ₹)

Sl. No	Particulars of Remuneration	Name of the MD /WTD		Total Amount
		P Srikar Reddy	M D Dalal	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	20,400,708	1,250,000	21,650,708
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	903,224	Nil	903,224
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil

Sl. No	Particulars of Remuneration	Name of the MD /WTD		Total Amount
		P Srikar Reddy	M D Dalal	
2	Stock option	9,135,000	Nil	9,135,000
3	Sweat Equity	Nil	Nil	Nil
4	Commission	6,684,834	Nil	6,684,834
	as % of profit	0.50%	Nil	0.50%
	others (specify)	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	37,123,766	1,250,000	38,373,766
	Ceiling as per the Act	5% of Net Profit : 79,574,841	5% of Net Profit : 79,574,841	10% of Net Profit : 159,149,683

B. Remuneration to other Directors:

Sl. No	Particulars of Remuneration	Name of the Directors				Total Amount
1	Independent Directors	Pradip P Shah	B K Syngal	S N Talwar	Radhika Rajan	
	(a) Fee for attending board committee meetings	220,000	280,000	200,000	100,000	800,000
	(b) Commission	2,965,270	2,965,270	2,965,270	1,088,620	9,984,430
	(c) Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	3,185,270	3,245,270	3,165,270	1,188,620	10,784,430
2	Other Non Executive Directors	Viren Raheja	S B Ghia			
	(a) Fee for attending board committee meetings	180,000	340,000			520,000
	(b) Commission	2,965,270	2,965,270			5,930,540
	(c) Others, please specify.	Nil	Nil			Nil
	Total (2)	3,145,270	3,305,270			6,450,540
	Total (B)=(1+2)					17,234,970
	Total Managerial Remuneration					55,608,737
	Overall Ceiling as per the Act					11% of the Net Profit : 175064651

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	Already stated above	2,227,288	9,349,230	11,569,518
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961			148,000	21,800
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		Nil	Nil	Nil

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1	Gross Salary				
2	Stock Option		Nil	Nil	Nil
3	Sweat Equity		Nil	Nil	Nil
4	Commission		Nil	Nil	Nil
	as % of profit		Nil	Nil	Nil
5	Others		Nil	Nil	Nil
	Total		2,227,288	9,497,230	11,591,318

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

ANNEXURE – VI

ANNUAL REPORT ON CSR ACTIVITIES

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

Further, initiatives are focused towards those programmes that directly or indirectly, benefit the community and society at large, by enhancing the quality of life and economic well-being of the local populace through continuous efforts.

- The CSR Committee comprises of the following Members-
 - S B Ghia (Chairman)
 - S N Talwar
 - P Srikar Reddy
- Average net profits of the Company for the last three financial years is ₹ 33,81,15,918/- (Rupees Thirty Three Crores Eighty One Lakhs Fifteen Thousand Nine Hundred and Eighteen).
- Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) is ₹ 67,62,318/- (Sixty Seven Lakhs Sixty Two Thousand Three Hundred and Eighteen).
- Details of CSR spent during the financial year 2014-15:
 - Total amount to be spent for the financial year 2014-15 was ₹ 67,62,318/-
 - Amount unspent was – ₹ 3,40,296/-
 - Manner in which the amount spent during the financial year 2014-15 is detailed below-

(₹ in Lakhs)							
Sl. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (In Lakhs)	Amount spent on the projects or programs Sub Heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Creation of Applications to promote Heritage sites for Intach	Protection of Art and culture	Project in Bangalore	21.63	Direct exp: 16.30 Indirect exp: 3.93	20.23	Direct : 20.23
2	Go Green through Pan gea Eco assets pvt ltd (www.grow-trees.com)	Enviornmental Sustainability	Kanha National Park	3.99	Direct Exp: 3.99 Indirect Exp: Nil	3.99	Direct : 3.99

(₹ in Lakhs)

Sl. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (In Lakhs)	Amount spent on the projects or programs Sub Heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
3	Promotion of education to the impaired through Sense India	Promotion of education to the impaired	Creation of a center for deaf & blind at Bangalore and providing education	5.00	Direct Exp: 5.00 Indirect Exp: Nil	5.00	Direct: 5.00
4	Technology Incubators with CEDI, NIT	Contribution to Technology Incubators in Educational Institutions	Technology Incubators with Educational institutions at Tiruchirapalli	37.00	Direct Exp: 35.00 Indirect Exp: Nil	35.00	Direct: 35.00
TOTAL				67.62		64.22	

6. Reasons for not spending the proposed CSR expenditure: The shortfall in spends of upto ₹ 3,40,296/- during the Financial Year 2014-15, was due to the Company's focus being directed more towards identifying and firming up future CSR activities which would be aligned with the Company's social cause.
7. The CSR Committee, hereby confirms that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

P. Srikar Reddy
Managing Director & CEO
Date: 19th May, 2015

S.B. Ghia
Chairman of CSR Committee

ANNEXURE – VII

POLICY ON RELATED PARTY TRANSACTION

I] INTRODUCTION

Sonata Software Limited (the “Company”) is a IT consulting and software services company with the track record of serving leading independent software vendors and enterprise customers around the globe. The Company has established branches and subsidiaries in India and across the World in various countries such as US, Germany, UK, Dubai, Qatar etc. The Company has been successfully operating in many countries to deliver enhanced and sustained value to every customer and accomplish its goals and vision. Therefore, it is inevitable for the Company to formulate this Policy to keep a track of all the transactions with the Related Party(s) and carry out our business activities in full fledged force without any hitch in the matter of compliances of all the applicable provisions to the Company.

II] OBJECTIVE

With the enforcement of large number of Sections of the new Companies Act, 2013 from April 1, 2014, the provisions relating to Corporate Governance and Related Party transactions (“RPT”) have come into effect and play a major role in the functioning of the Company. In addition to these provisions prescribed under the Act, the Company is also obligated to comply with the rules and regulations made by SEBI. SEBI has notified and published new Corporate Governance norms by amending the existing Clause 35B and Clause 49 of the Equity Listing Agreement for better transparency and to make Corporate Governance framework more effective in order to protect and safeguard the interest of investors.

The Company in addition to the above mentioned compliances, will also have to comply with the provisions of Accounting Standard- 18 relating to RPT. Hence, in order to comply with the said Corporate Governance norms and Accounting Standards-18, the Company has formulated this Policy, which is mandatory requirement for a Listed Company.

III] SCOPE

This Policy shall be applied in:

- a. Identifying Related Parties, updating and maintaining the database of such persons/entities;
- b. Identifying the Ordinary Course of Business and Arms' Length Transactions in relation to the Company and such persons/entities;

- c. Identifying RPT;
- d. Obtaining approval/ratifications (as the case may be) for entering into any transactions with such persons/entities;
- e. Obtaining disclosures from the Directors who are interested either directly or indirectly in the RPT and refraining such Directors from participating in the discussions related to RPT;
- f. Documenting the Arms' Length pricing of transactions; and
- g. Disclosing these transactions in Annual Report or any such documents as prescribed under the applicable Laws.

IV] EFFECTIVE DATE

In the context of the aforesaid objectives, this Policy has been formulated by the Company and adopted by the board of Directors of the Company on 30th September 2014 and this date will be deemed to be the effective date of this Policy.

V] DEFINITIONS /IMPORTANT CONCEPTS

- 1) “Act” means the Companies Act, 2013 (as amended from time to time) and rules prescribed thereunder;
- 2) “Arm's Length Transaction” means the transactions carried out between the Related Parties as if they are not related to each other avoiding the ‘conflict of interest’.
 - (a) The transactions carried between the Company and the Related Party on similar terms and conditions as of unrelated party, including the price; and
 - (b) Such price charged for the transactions with a Related Party, has in no case been influenced by the relationship and meets the criteria prescribed in Transfer Pricing Guidelines under the Income Tax Act, 1961;
- 3) “Board” means the Board of Directors of Sonata Software Limited;
- 4) “Control” shall have the same meaning as defined in SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (as amended from time to time);
- 5) “Director” means the Director appointed to the Board of the Company;
- 6) “Material Transactions” means the transaction(s) to be entered into individually or taken together with previous

transactions during a Financial Year, exceeds ten percent of the annual consolidation turnover of the Company as per the last audited financial statements of the Company.

7) "Ordinary Course of Business":

The term "Ordinary Course of Business" shall mean and include:

- (i) the normal transactions, customs and practices carried on generally in the IT Industry and also by the Company as well, however it shall not include the following transactions:
 - a. Complex equity transactions such as Corporate Restructuring or Acquisitions, Merger, De-Merger and Amalgamation;
 - b. Sales transactions with unreasonably large discounts or returns;
 - c. Transactions under contracts, whose terms are changed before expiry having material adverse impact on the Company.
- (ii) In regard to the above mentioned point, following transactions shall inter alia be deemed to have been made in the Ordinary Course of Business:
 - a. Any transaction covered in the Main Objects or the objects incidental to attainment of the Main Objects as envisaged in the Memorandum of Association of the Company,
 - b. Any transaction which is usually carried on by any Software Development Company within India or Overseas.
 - c. Any transaction which has been done by the Company frequently in last three years,
 - d. Any transactions done with a Related Party on a similar basis as of a third party.
 - e. Any transaction or activity that is necessary, normal, regular and incidental to the business and involves significant amount of money by allocating resources which generates income for the Company.

8) "SEBI" means Securities and Exchange Board of India;

9) "Policy" means this Related Party Transaction Policy adopted by the Board;

10) "Related Party" with reference to a Company, means—

- (i) a Director or his Relative;

- (ii) a key managerial personnel or his Relative;

- (iii) a firm, in which a Director, manager or his Relative is a partner;

- (iv) a private company in which a Director or manager or his Relative is a member or Director;

- (v) a public company in which a Director or manager is a Director or holds along with his Relatives, more than two percent of its paid-up share capital;

- (vi) any Body Corporate whose Board of Directors, managing Director or manager is accustomed to act in accordance with the advice, directions or instructions of a Director or manager;

- (vii) any person on whose advice, directions or instructions a Director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

- (viii) Any Company which is –

- A. a holding, subsidiary or an associate Company of such Company; or

- B. a subsidiary of a holding Company to which it is also a subsidiary;

- (ix) such entity is a related party under the applicable Accounting Standards

Explanations- 1) for the purpose of Related Party definition under this Policy, KMP of the Company excludes Directors of the Company;

2) if KMP of the Company is a Director in other Company, then such Company will not be deemed to be a Related Party. The Act does not bring such companies under the purview of Related Party;

11) "Relative" with reference to any person means, any person who is related to another, if –

- i. they are members of HUF;

- ii. they are husband and wife; or

- iii. One person is related to other in following manner;

- Father (includes step-father)

- Mother (includes step-mother)
- Son (includes step-son)
- Son's wife
- Daughter
- Daughter's husband
- Brother (including step-brother)
- Sister (including step-sister)

12) **"Related Party Transaction"** means any transaction directly or indirectly involving any Related Party which is a transfer of resources, services or obligations between the Company and a Related Party, regardless of whether a price is charged. A transaction with a Related Party shall be construed to include single transaction or group of transactions in a contract. It shall also explicitly include the following transactions-

- i) Sale, purchase or supply of any goods or materials;
- ii) Selling or otherwise disposing of, or buying, property of any kind;
- iii) Leasing of property of any kind;
- iv) availing or rendering of any services;
- v) appointment of any agent for purchase or sale of goods, materials, services or property;
- vi) such Related Party's appointment to any office or place of profit in the Company, its subsidiary Company or associate Company; and
- vii) underwriting the subscription of any securities or derivatives thereof, of the Company;

Note: i) Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act or Listing Agreement shall have the meaning respectively assigned to them therein.

- ii) Words imparting the singular shall include the plural and vice versa. Words imparting a gender include every gender.

VII] IDENTIFICATION OF POTENTIAL RPT

- (a) Each Director, Key Managerial Personnel is responsible for providing notice to the Board or Audit Committee of any potential RPT involving himself or his relative, including any additional information about the transaction that the Board/Audit Committee may reasonably request. The Board/Audit Committee will determine whether the transaction does, in

fact, constitute a RPT requiring compliance with this Policy.

- (b) The Company strongly prefers to receive such notice of any potential RPT well in advance so that the Audit Committee/ Board has adequate time to obtain and review information of the proposed transaction.

VII] APPROVALS REQUIRED

1) Approval of Audit Committee

- (a) The Company shall not enter into any RPT without prior approval of the Audit Committee. However, the Audit Committee may grant omnibus approval for RPT proposed to be entered into by the Company subject to the following conditions:

- In case of transactions that are repetitive in nature, the Audit Committee, at their discretion, shall lay down certain criteria(s) that help them in determining and analyzing the consequences of granting the omnibus approval and such criteria(s) shall be in accordance with this Policy.
- The Audit Committee shall lay down valid grounds while making a decision for the need for such omnibus approval and see to it that such approval is in the best interest of the Company;
- Such omnibus approval shall specify-
 - (i) the name/s of the Related Party, nature of transaction, period of transaction, maximum amount of transaction that can be entered into;
 - (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and
 - (iii) such other conditions as the Audit Committee may deem fit, provided that where the need for RPT cannot be foreseen and aforesaid details are not available, Audit Committee may grant omnibus approval for such transactions subject to their value not exceeding Rs.1 crore (One Crore) per transaction.
- Audit Committee shall review the details of RPTs entered into by the Company pursuant to approval given to each of the omnibus transaction, atleast on a quarterly basis;
- Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

- (b) The prior approval of the Audit Committee is not required in case of transactions entered into between the Company and its wholly-owned Subsidiary whose accounts are consolidated with the Company's accounts and such consolidated accounts are placed before the Shareholders at the General Meeting for approval;
- (c) The notices referred in the above point no. VI (a) received by the Company from the Directors and KMP shall be forwarded to the Company Secretary ("CS") of the Company, with a request to arrange for an Audit Committee Meeting;
- (d) The CS shall organize Audit Committee Meetings upon receipt of notice as mentioned in the above point (b) and shall place such notice along with all relevant information/documents relating to the proposed RPT before the Audit Committee, which inter alia shall include:
 - I. The name of the Related Party and nature of the relationship;
 - II. The nature and duration of the Contract and particulars of the Contract or arrangement;
 - III. The material terms of the Contract or an Agreement including the value, if any;
 - IV. Any advance paid or received for a Contract or arrangement, if any;
 - V. The manner of determining the pricing and other commercial terms, both included as part of Contract and not considered as a part of the Contract;
 - VI. Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with rationale for not considering those factors; and
 - VII. Any other information relevant or important for the Audit Committee and/or Board to take decision on proposed transaction.
- (e) Any member of the Audit Committee who is covered under the ambit of the Related Party, such member shall abstain from voting, irrespective of the fact that whether such member is a party to the particular transaction or not.

2) Approval of the Board

- (a) The following RPT shall be placed before the Board for approval, after the approval of the Audit Committee:

- (i) Transactions not in Arm's Length;
- (ii) Transactions not in Ordinary Course of Business; and
- (iii) Material RPT
- (b) Board shall consider the information/documents placed before it and either approve or reject the proposed RPT.
- (c) In case approval is proposed to be sought through postal ballot or at a General Meeting, the Board shall approve the notice and the Explanatory Statement [including the particulars mentioned in rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014] of the same.
- (d) A Director who is directly or indirectly interested in the proposed RPT shall disclose the nature of his concern or interest at the Meeting of the Board in which such Contract or arrangement is discussed and shall not be allowed to participate in such Meeting. Provided that where any Director who is not interested at the time of entering into the such Contract or arrangement, he shall, if he becomes interested after the Contract or arrangement is entered into, disclose his interest forthwith when he becomes interested or at the first Meeting of the Board held after he becomes so concerned or interested.
- (e) If any Director or employee of the Company has entered into a Contract or arrangement without the prior consent of the Board (when required) then such Contract or arrangement shall be ratified by the Board at a Meeting within three months from the date on which such Contract or arrangement was entered into.

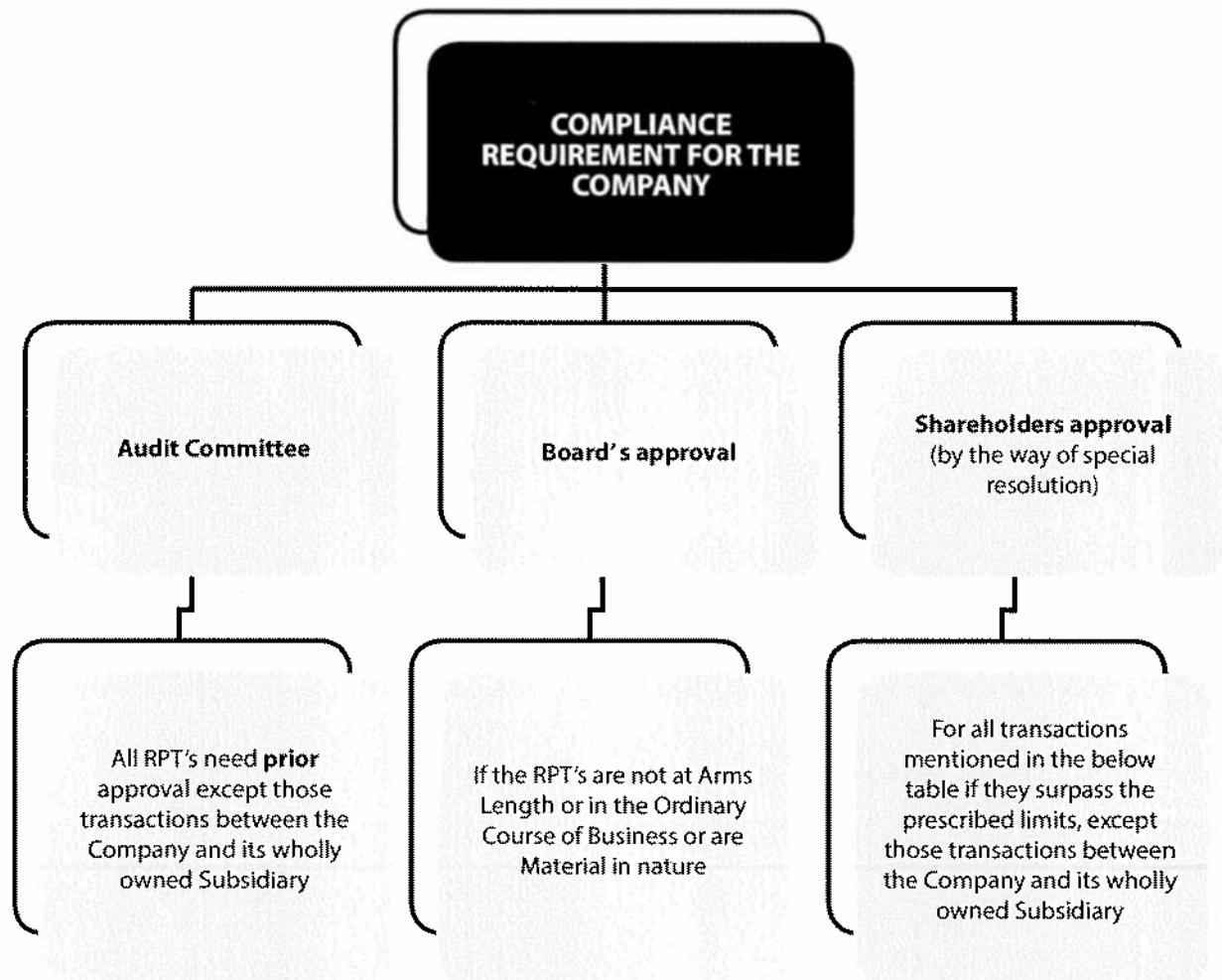
3) Approval of the Shareholders:

- (a) No transaction, Contract or arrangement shall be carried out or entered into with a Related Party, without the prior approval of Shareholders by way of Special Resolution if the transactional value exceeds the limits that are given in the tabular column under the head 'Transactional Value'.
- (b) All Material RPT's shall be approved by the Shareholders by way of Special Resolution.
- (c) The approval of the Shareholders is not required in case of transactions entered into between the Company and its wholly-owned Subsidiary whose accounts are consolidated with the Company's accounts and such consolidated accounts are placed before the Shareholders at the General Meeting for approval;

(d) If any Director or employee of the Company has entered into a Contract or arrangement without the prior consent of the Shareholders (when required) then such Contract or arrangement shall be ratified by the Shareholders at a Meeting within three months from the date on which such Contract or arrangement

was entered into.

(e) Any Shareholder, who falls under the definition of Related Parties shall abstain from voting, Irrespective of the fact that whether such Shareholder is a party to the particular transaction or not.



VIII] TRANSACTIONAL VALUE

Sl No.	Transactions Covered	Transaction Value
Under the Companies Act, 2013		
i	Sale, purchase or supply of any goods or materials directly or through appointment of agent	> 10% of Annual Turnover or ₹ 100 Crore (whichever is lower)
ii	Selling or otherwise disposing of, or buying, property of any kind, directly or through appointment of agent	> 10% of Net Worth of the Company or ₹ 100 Crore (whichever is lower)
iii	Leasing property of any kind	> 10% Turnover or Net Worth of the Company or ₹ 100 Crore (whichever is lower)
iv	Availing or rendering of any services directly or through agents	> 10% of Net Worth or ₹ 50 Crore (whichever is lower)
v	Such Related Party's appointment to any office or place of profit in the Company, its subsidiary or Associate company	Monthly remuneration > ₹ 2.50 Lakhs
vi	Remuneration for underwriting the subscription of any securities or derivatives thereof of the Company	> 1% of Net Worth
vii	Availing or rendering of any services	Shareholders approval not required, only Board's approval will suffice
Under the Clause 49 of the Listing Agreement		
viii	All Material Transactions	

Note: the limits specified in (i) to (iv) shall apply for transaction (s) to be entered into either individually or taken together with the previous transactions during a Financial Year.

VIII] GUIDING PRINCIPLES

1. The transactions arising out of compromises, arrangements and amalgamations dealt with under specific provisions of the Companies Act, 1956/ Act, will not attract the requirements of Section 188 of the Act;
2. Contracts entered into by the Company after making necessary compliances under Section 297 of the Companies Act, 1956, which already came into effect before the commencement of Section 188 of the Act, will not require fresh approval under the said Section till the expiry of the original term of such Contracts. Thus, if any modifications in such Contract is made on or after 1st April, 2014, the requirements under Section 188 will have to be complied with.
3. All existing Contracts or arrangements dealing with Material Transactions with the Related Party as on April 17, 2014 which are likely to continue beyond March 31, 2015 shall be placed for approval of the Shareholders in the first General Meeting of Company subsequent to October 1, 2014.

IX] DISCLOSURES

1. Section 188 (2) of the Act to be included in disclosures, which states that all Related Party Contracts and arrangements shall be referred to in Board's Report with its prior approval along with the justification for entering in to such Contract or arrangement. The Company shall also take the approval on each of such RPT from the Board and shall also get it approved in advance from the duly constituted Audit Committee of the Company.
2. As per Clause 49 of the Equity Listing Agreement, all RPT's to be disclosed quarterly along with the compliance report on corporate governance. This Policy shall be made available on the Company's web site and a web link thereto shall be provided in the Annual Report.
3. Disclosure of materially significant RPT that may have potential conflict of interest of the Company at large to be included in the report of Corporate Governance in the Annual Report of the Company.

DISCLOSURES UNDER AS – 18:

As per Accounting Standard -18 RPT's and outstanding balances with other entities in a group need to be disclosed in the financial statements of the Company. Related Party disclosure requirements as laid down in this Standard do not apply in circumstances where providing such disclosures would conflict with the reporting enterprise's duties of confidentiality as specifically required in terms of a statute or by any regulator or similar competent authority. No disclosure is required in consolidated financial statements in respect of intra-group transactions. No disclosure is required in the financial statements of state-controlled enterprises as regards Related Party relationships with other state-controlled enterprises and transactions with such enterprises. Name of the Related Party and nature of the Related Party relationship where control exists should be disclosed irrespective of whether or not there have been transactions between the Related Parties.

If there have been transactions between Related Parties, during the existence of a Related Party relationship, the reporting enterprise should disclose the following:

- I. the name of the transacting Related Party;
- II. a description of the relationship between the Related Parties;
- III. a description of the nature of transactions;
- IV. volume of the transactions either as an amount or as an appropriate proportion;
- V. any other elements of the RPT necessary for an understanding of the financial statements;
- VI. the amounts or appropriate proportions of outstanding items pertaining to Related Parties at the balance sheet date and provisions for doubtful debts due from such parties at that date; and
- VII. amounts written off or written back in the period in respect of debts due from or to Related Parties.

X] REGISTER OF CONTRACTS

1. The Company shall maintain a Register of Contracts giving particulars of Contracts/ arrangements entered into by the Company in accordance with the provisions of the Act;
2. However entries are not required to be made in the Register if Contract or arrangement for the sale, purchase or supply of any goods, materials or services if the value of such goods and materials or the cost of such services does not exceed five lakh rupees in the aggregate in any year;
3. Every Director or KMP of the Company shall, within a period of thirty days of his appointment, or relinquishment of, his office, as the case may be, disclose to the company the particulars relating to his concern or interest in the other associations which are required to be included in the register of contracts or arrangements in which Directors or KMP are interested.

XI] INDEMNITY

Where any Contract or arrangement is entered into by a Director or any other employee, without obtaining the consent of the Board or approval by a Special Resolution in the General Meeting and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such Contract or arrangement was entered into. Such Contract or arrangement shall be voidable at the option of the Board and if the contract or arrangement is with a Related Party to authorize any Director, or is authorized by any other Director, the Directors concerned shall indemnify the Company against any loss incurred by it.

XII] AMENDMENT

This Policy shall be amended in accordance with the amendments made vide notifications / circulars as may be published in Official Gazette of India from time to time

ANNEXURE – VIII

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 arms length transactions under third proviso thereto

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

There was no contract / arrangement / transaction entered into during the Financial Year ended 31st March 2015, which were not at arm's length basis.

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

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2015 are as follows:

Name of the related party	(Amount in ₹)						
	Sonata Information Technology Ltd.	Sonata Software North America Inc.	Sonata Software FZ LLC	Sonata Software GmbH	Sonata Europe Ltd., UK	Sonata Software Qatar LLC	Rezopia Inc.
Nature of relationship	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Wholly owned subsidiary	Subsidiary with 49% holding	Subsidiary with 60% holding
Nature of contracts/ arrangements/ transactions:							
Rendering of services	149,937,951	2,126,672,704	50,629,564	-	220,025,699	940,212	50,294,852
Software license fees paid	19,122,078	-	-	-	-	-	-
Deputation cost/Service charges recovered	35,469,426	-	-	-	-	-	-
Reimbursement of expenses	6,865,947	1,561,145	301,941	-	6,224,081	-	-
Inter corporate deposits given	3,603,500,000	-	-	-	-	-	-
Inter corporate deposits recovered	3,603,500,000	-	-	-	-	-	-
Interest on inter corporate deposits received	18,604,780	-	-	-	-	-	-
Recovery of rent	3,472,200	-	-	-	-	-	-
Dividend received	57,381,698	-	-	-	-	-	-
Guarantees given on behalf of subsidiary	675,000,000	-	-	-	-	-	-

Notes:

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

For and on behalf of the Board of Directors

PRADIP P SHAH
Chairman

P SRIKAR REDDY
Managing Director & CEO

M D DALAL
Executive Vice Chairman

S B GHIA
Director

VIREN RAHEJA
Director

S N TALWAR
Director

B K SYNGAL
Director

RADHIKA RAJAN
Director

Place : Mumbai
Date : 19th May, 2015

R SATHYANARAYANA
AVP - Finance & Accounts

PRIYA MANOJ JASWANI
Company Secretary

ANNEXURE - IX

PARTICULARS OF EMPLOYEES

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

(i) & (ix) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year and percentage increase in remuneration of each Director as against previous year, and also the comparison of the each such person's remuneration against the performance of the Company:

Name of Person	Designation	% of increase compared to previous year	Ratio to Median remuneration of employees	% of Revenues	% of Profits after tax
Pradip P Shah	Chairman	96.87	5.23	0.07	0.27
P Srikar Reddy	Managing Director & CEO	25.88	60.93	0.80	3.16
M D Dalal	Executive Vice Chairman	-	2.05	0.03	0.11
S B Ghia	Director	93.30	5.42	0.07	0.28
Viren Raheja	Director	94.36	5.16	0.07	0.27
S N Talwar	Independent Director	97.97	5.19	0.07	0.27
B K Syngal	Independent Director	96.72	5.33	0.07	0.28
Radhika Rajan*	Independent Director	NA	1.95	0.03	0.10

*Appointed as Director with effect from August 12, 2014.

(ii) & (ix) The percentage increase in remuneration of Chief Financial Officer & Company Secretary, in the Financial Year and also the comparison of the each of their remuneration against the performance of the Company:

Name of Person	Designation	% of increase compared to previous year	% of Revenues	% of Profits after tax
Venkatraman N*	Chief Financial Officer	25.64	0.20	0.81
Priya Manoj Jaswani	Company Secretary	12.72	0.05	0.19

* Resigned with effect from April 9, 2015.

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

The percentage increase in the median remuneration of Sonata during the Financial Year is 8%. This has been arrived at, by comparing the median remuneration of the cost-to-the Company as on March 31, 2015 as compared to previous year March 31, 2014.

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

The total employee strength as on March 31, 2015 was 2,732 as against 2,242 as on March 31, 2014.

(v) The explanation on the relationship between average increase in remuneration and Company performance:

The increase in Company's revenues for the Financial Year 13-14 over 12-13 was 43% and the average increase given to employees were 9%. This average increase in remuneration is not based on Company's performance alone, but also takes into consideration other factors like market benchmark data, the average increases being given by peer companies and overall budgetary impact within the Company.

(vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company:

The remuneration of the Key Managerial Personnel was 1.44% of Revenues and 5.73% of Profits after tax.

(vii) Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current Financial Year and previous Financial Year and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies, and in case of unlisted

companies, the variations in the net worth of the Company as at the close of the current Financial Year and previous Financial Year:

Particulars	1998-99	2013-14	2014-15
Share price as at March 31	400.75	43.90	178.45
No of equity shares	10,000,680	105,159,306	105,159,306
Earnings Per Share (EPS)	9.75	5.12	11.17
PE ratio (Share Price / EPS)	41.10	8.57	15.98
Market capitalisation (₹ in crores)	400.78	461.65	1,876.57

* The Company's last public offer was in 1998-99

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

The average increase was 9% for all employees who went through the compensation review cycle in the year. For the managerial personnel the average percentage increase was 7% on the fixed and variable components. The compensation decisions for each year are taken after considering the following parameters: comparison of employee salaries at various levels with benchmark data and the approved compensation budget as per the financial plan for the Financial Year.

- (x) The key parameters for any variable component of remuneration availed by the Directors:

The key parameters for variable components of remuneration to Directors, if any, are the Company's Profits After Tax, EBITDA, Revenues.

- (xi) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the Financial Year:

Not applicable as there is no employee getting paid more than the highest paid Director during the current Financial Year.

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

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

- b) Information as per Rule 5(2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Employee Name	Designation	Educational qualification	Age	Experience (In Years)	Date of joining	Gross remuneration	Previous employment and designation
P Srikar Reddy	Managing Director & CEO	BE (Electrical) PGDBM (IIM)	57	33	02.04.1986	37,123,766	Manager - Systems & projects: Betamatics Pvt. Ltd.
N Venkatraman*	Chief Financial Officer	B.Com., FCA	44	21	02.06.2009	9,497,230	Chief Financial Officer: TeamLease Services Pvt.Ltd.
P VSN Raju	Head - Delivery	B.Tech, PGDIE	50	27	01.02.1988	9,271,654	NIL

* Resigned with effect from 9th April, 2015.

Notes:

The above employees are permanent employees of the Company.

They are not related as per clause ix of sub-rule 2 above.

The equity shares held (if any) are not attracted under clause viii of sub-rule 2 above.

For and on behalf of the Board of Directors		
PRADIP P SHAH Chairman	P SRIKAR REDDY Managing Director & CEO	M D DALAL Executive Vice Chairman
S B GHIA Director	VIREN RAHEJA Director	S N TALWAR Director
B K SYNGAL Director	RADHIKA RAJAN Director	R SATHYANARAYANA AVP - Finance & Accounts

PRIYA MANOJ JASWANI
Company Secretary

Place : Mumbai

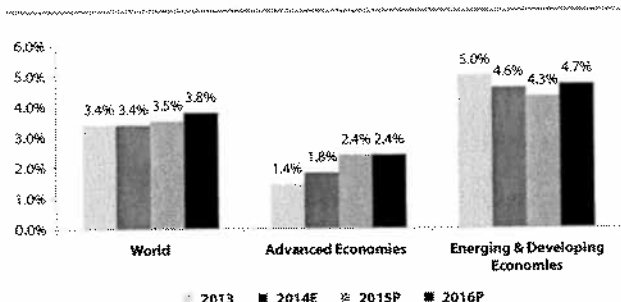
Date: 19th May 2015

MANAGEMENT DISCUSSION & ANALYSIS

Economic Overview:

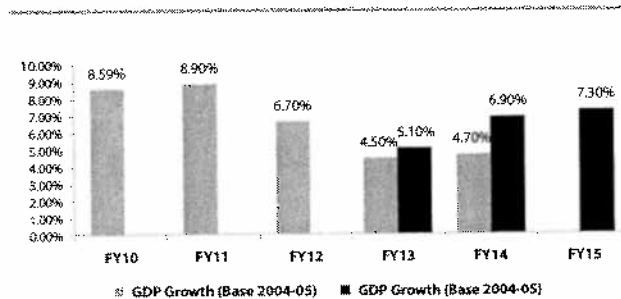
The global economy in the year 2014 continued to move along its growth trajectory but at a moderate rate of 3.4%. The growth however remained uneven with the developed economies gradually reviving and the emerging & developing economies growth marginally slowing down. The US economy remained steady on its growth path with GDP growth of 1.8% in 2014 as against 1.4% in 2013. The Euro area also moved out of the negative territory with a growth of 0.9% backed by a steady growth in Germany and revival in Spain. The UK economy further gained strength with GDP growth of 2.6% in 2014 as against 1.7% in 2013. However, the prevailing geopolitical uncertainty remains a key concern for Europe. On the flipside, the prevailing slowdown in China and Brazil had an adverse impact on the overall growth of the emerging and developing economies which witnessed a growth of 4.6% in 2014 as against 5.0% in 2013. IMF has projected that going forward, the world economy would continue to move along its growth path with GDP growth of 3.5% in 2015 and 3.8% in 2016.

Exhibit: World GDP Growth, %



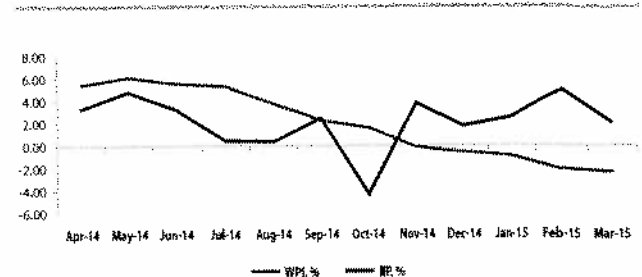
Source: IMF's World Economic Outlook, April 2015

Exhibit 2: India GDP Growth, %



Source: CSO

Exhibit 3: WPI and IIP, %



Source: PIB, MOSPI

The Indian economy in the year FY15 witnessed a marginal increase in growth and GDP growth stood at 7.3% in FY15 as against 6.9% in FY14 (as per CSO, revised base 2011-12). The year also witnessed a stable rupee backed by continuous foreign inflows and steps taken by RBI. The continuous inflows has also led to sizable reserves which stood at an all time high of USD 352 Billion for the week ended 1st May, 2015. The current account deficit has also further contracted from 1.7% of GDP in FY14 to an estimated 1.3% in FY15. With the fall in global crude prices and RBI's measures the inflation during the year has come down significantly and WPI has entered negative territory at the end of FY15. The year has also been the first year of working for the new government at the centre which has kick-started a number of policy level reforms to accelerate the growth in the economy. The government is also very focused towards the growth in the digital platform and has planned a very ambitious project of "100 Smart Cities" which will take the digitalization drive to the next level.

Industry overview:

Global IT Industry

Global IT services grew moderately at 3.5% to reach US\$ 657 billion in 2014. A significant percentage of this growth was led by the USA and APAC market that grew by 5% and 4% respectively. Emerging technology like Social, Mobility, Analytics and Cloud (SMAC), Internet of Things (IOT), Wearable devices all has been vowed by technology providers. Emerging technologies are bringing major transformation to the traditional IT needs. Infrastructure Service (IS) outsourcing and Custom Application development driven by SMAC grew substantially. The impact of disruptive trend such as cloud computing and mobility / analytics have transformed the IT services Industry. The earlier focus on providing delivery and process capabilities has been shifting towards changing methodology of software application by converging with the traditional IT services markets.

Global Engineering Research & Development (ER&D) and Product development segment has been growing substantially and is estimated to have reached US\$ 1.44 trillion in 2014. The top 200 corporates accounted for nearly 50% of this spent. Over one-fourth spend is done by automotive and consumer electronics segment, driven by increasing consumer demand for new products and interfaces, and for safety and emission efficiencies in automotive sectors.

The global ecommerce mobile apps industry continues to evolve rapidly, with revenue of US\$ 1.5 trillion in 2014, the worldwide eCommerce Industry is growing annually at 20%. Within eCommerce the most popular categories remain tours & hotel reservations, airline tickets & reservation, clothing and non-consumable durables and entertainment related product. Mobile app industry is the key driver for eCommerce globally.

Mobile apps universe is another fast growing segment with revenue of US\$ 86 billion in 2014, growing at an annual rate of 27%. Growth in mobile apps is driven by increasing sales of smart phones globally. Due to this huge demand there has also been an increased demand for mobile websites and innovative apps in response.

India IT Industry

The IT Industry in India continues to grow in double digit and as per NASSCOM is estimated to have reached USD 146 billion in FY15, a growth of around 13% over FY14. Of the total industry the IT Services segment which is the largest contributor to the industry is estimated to have reach USD 68.6 billion in FY15, a growth of 12.1% over FY14. The IT services segment in India has fast evolved from being an application development and management to now a full service provider. The IT outsourcing market prospects in India are very strong and are driven by increased spends in Infrastructure Service Outsourcing (ISO), Software Testing, Custom Application Development and Management (CADM) and SPA / web service segments. With increased digitalization the CADM segment is fast growing driven by mobility, social, cloud and analytics.

Exhibit 4: Overview of India's IT Industry

US\$ billion	FY13			FY14			FY15E		
	Export	Domestic	Total	Export	Domestic	Total	Export	Import	Total
IT service ¹	42.9	12.2	55.1	49.2	12.0	61.2	55.4	13.3	68.6
BPM	18.3	3.2	21.5	20.4	3.2	23.7	22.7	3.5	26.2
Software & others ^{1,2}	15.3	3.8	19.1	17.7	3.7	21.4	20.0	4.2	24.1
Hardware	0.4	12.8	13.3	0.4	12.6	13.1	0.4	13.1	13.5
eCommerce	-	8.7	8.7	-	10.5	10.5	-	14.0	14.0
TOTAL	77.0	40.7	117.7	87.7	42.1	129.8	98.5	48.0	146.4

Notes

E: estimate;

- 1 Offshore Software product development (OPSD) which was earlier clubbed with IT services, has now been re-classified under Engineering and Research & Development (ER&D) and product development;
- 2 Software & others includes software products, OPSPD, Engineering R&D and product development, domestic market now includes eCommerce numbers. Source: NASSCOM

As per the NASSCOM-strategy & 2014 survey there is a rising trend of openness amongst customers to offshore both low-to-medium complexity work as well as very high complexity work. As a result, there is steady growth in global sourcing of ER&D services. India currently holds around 22-25% share of the global spend in sourcing of ER&D services. The ER&D segment is 90% export based in India and is estimated to have witnessed faster than industry growth.

The software product segment in India is rapidly growing with the rising demand of products globally. The segment is estimated to have reached to USD 6.1 billion in FY15, a growth of approximately 12% over FY14. The key growth drivers for the segment are increasing penetration of smart phones and tablets, technologies advancement, easy access at affordable price to software over cloud and ability to reach wide consumer base. The domestic market is having a major share and is estimated to be USD 4.2 billion in FY15.

E-Commerce in India has been experiencing a remarkable growth and has been driven by availability and access to internet services at affordable rates and rapid penetration of mobile devices. It has changed the consumer way of purchasing its needs. Consumers today expect and are able to get anything and everything via the internet. The 2014 annual Great Online Shopping festival saw 7 million unique visitors vis-à-vis 2 million in 2013. Connectivity has also enabled consumer centric services being offered viz. train/hotel bookings, taxi services, movie tickets booking etc.

Key Industry Verticals review

Travel & Tourism

The outbound travel worldwide increased by 4.5% over the first eight months of FY15, outpacing domestic travel which grew by an estimated 3%. World Travel Monitor[®] figures showed. This means global outbound travel has grown by a steady 4-5% every year since 2011. The number of nights increased by 3% and average spending per trip rose by 2% to USD 1,750 between January and August 2014. This combination of more trips and higher average spending per trip generated a 6% rise in global outbound travel turnover to USD 1,750 billion. Global outbound travel growth this year was once again driven by Asia (+8%) and South America (+5%) as well as North America (+5%). European outbound travel grew by 3% despite low economic growth. Africa grew by 4% but the Middle East region was down by 4%. In terms of individual source markets, Germany maintained its position as the world's largest outbound travel market this year ahead of USA and China.

There is a rising trend for use of mobile devices for travel booking and as much as 25 % of the travel bookings in the US were done on a mobile device. Going ahead, offering the right product to the right customer at the right time and at the right price would be the key. Massification of services will not work as a discerning customer would look for personalization. With the advent of big data every travel company can reach out to every customer with a personalized product.

Travel continues to be an involved and efficiency led business with IT systems playing a critical role in day-to-day operations. Sonata's vast experience in working with complex global travel content, inventory and distribution management systems makes it a specialist partner of choice for travel companies. By integrating technologies such as Mobility and Analytics to improve yield management, perform sentiment analysis and enhance efficiencies, the Company helps companies unlock the hidden value in their travel business.

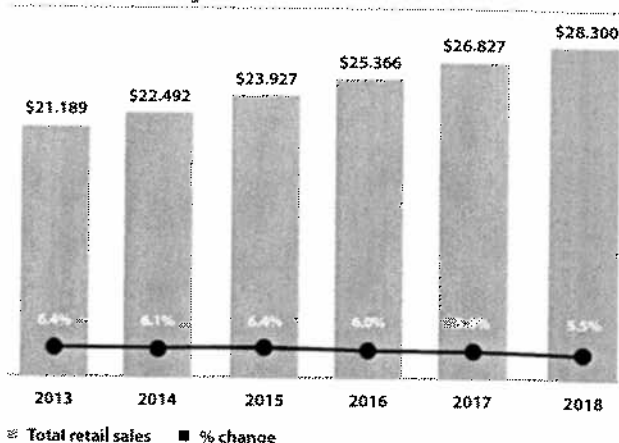
Retail Industry

Retail sales worldwide—including both in-store and internet purchases—will reach USD 22.5 trillion in 2014, according to figures from eMarketer. The global retail market will see steady growth over the next few years, and in 2018, worldwide retail sale is expected to reach USD 28.300 trillion.

Of the total retail purchase on the internet, ecommerce is estimated to account for 5.9% of the total retail market worldwide in 2014, or \$1.32 trillion. By 2018, that share is estimated to increase to 8.8%.

China and the US are by far the world's leading ecommerce markets, combining for more than 55% of global internet retail sales in 2014. China's growth over the next five years will widen the gap between the two countries, and China will exceed \$1 trillion in retail ecommerce sales by 2018, accounting for more

Total Retail Sales Worldwide, 2013-2018
trillions and % change



Note: excludes travel and event tickets
Source: eMarketer, Dec. 2014

than 40% of the total worldwide. The US will maintain its position as the second-largest retail ecommerce market in 2018, totaling nearly \$500 billion that year, while the UK will account for about one-quarter of that figure, landing in a distant third place.

As the business in the retail sector continues to see an upswing, the industry's reputation as a technology laggard is beginning to change. With the continuing evolution of mobile and other technologies, the shift to omni-channel strategies and continuing evolution of fraud, retailers are looking to technology advancements in 2015 to help them transform their businesses.

Company Overview:

Sonata Software is an IT services company that focuses on enabling businesses to achieve their strategic objectives. The Company today is a global services partner of choice for leaders across the software product and Enterprise IT Services space. The Company through its world-class alliances and a track record of relationship with best-in-class technology providers within focus verticals brings in deeper innovation, reliability and speed to market with new technologies for its clients. The Company facilitates businesses in creating value by consulting strategic IT initiatives and has a unique delivery model, built on dedicated center of excellence, strong governance and value co-creation. The Company delivers superior results through its enhanced use of delivery automation tools, global delivery model and sharper alignment to business needs through customer centric Centers of Excellence.

The Company focuses on three major industry verticals viz. Travel, Retail & Distribution, Consumer Packaged Goods and Independent Software Vendor (ISV). The Company is heavily focused on new technologies including Omni-Channel Commerce, Mobility, Business Intelligence & Big data and Cloud. The Company has

specific expertise on solutions like SAP hybrid Omni-Channel Commerce, Microsoft Dynamics AX ERP, Microsoft Azure Cloud and JDA supply chain and also offer specialized IP based solutions to its focused verticals.

New Products/Service Initiatives in FY 2015:

- Scaling up its capability in its focus area the Company acquired IP platform 'Rezopia'. Rezopia is a leading cloud based travel ERP system provider. Rezopia offers a complete end-to-end reservation, contracts management, operations and distribution system. This system enables travel providers to scale revenues, reduce costs and better serve customers via the web, social networks, mobile devices and traditional call centers. The system can be used by travel suppliers like rail, airlines and hotel, both big and small. The Company has also acquired the businesses of XYKA Software Pvt Ltd, which is the primary service provider to Rezopia's platform.
- The Company unveiled new solutions on travel and retail built around Microsoft Dynamics at the Microsoft Dynamics Convergence, Atlanta. The Company developed a "Brick & Click" solution which aims to help retailers provide their customers with a seamless experience across online and store channels more efficiently through a pre-configured solution.
- For travel, The Company has built "Dynamics for Travel" solution catering to the complete value chain of travel management companies.
- In the mobility space, an integrated 'Digital Consumer Engagement' solution was built for Travel industry leveraging technologies like mobility, wearables, analytics and e-commerce.

Operational Review:

The Company's strategy of strengthening its sales infrastructure, converting existing account into strategic account, focused go-to-market strategy towards acquiring new strategic accounts, data mining and focusing on retaining talent has turned out well during the year. The year was marked by the delivery of significant large projects to some of the World's largest ISVs and enterprises where new age technologies such as Omni-channel commerce, Mobility, Analytics and Cloud were used to enhance client's businesses in preparing them for the digital economy. The Company also added 4 new clients in Australia and enhanced its delivery center and customer service presence in US and Australia.

(a) IP led services:

- The Company has invested in next generation IP based solutions for specific business processed such as enhanced customer engagement. The Company has significantly increased its investment in platform and IP led solutions for focused verticals such as travel and retail, e.g. Rezopia, 'Brick & Click Retail Solution Suite' and Retina Retail BI to name a few. The Company by doing this moved on to the path

towards becoming a provider of end-to-end IT platforms for businesses in select verticals.

(b) Marketing Initiative:

- Articulated its value proposition as an IT partner viz. in-depth industry knowledge, technology expertise and customer commitment to deliver on strategic IT initiative of customers
- Enhanced the website and initiated media campaigns to take its value proposition to customers
- Actively participated in industry and technology specific events internationally to meet customer and showcase solutions

(c) Future Entrepreneurs:

- The Company has signed a Memorandum of Understanding (MOU) with The National Institute of technology (NIT-T) for identifying, training and promoting young entrepreneurs with new and innovative ideas. The Company shall also be funding around ₹ 1.20 Crore to Centre for Entrepreneurship development and Incubation (CEDI) and would use its resources to support CEDI in incubating and developing next generation entrepreneurs.

(d) Business Transformation initiative:

- The Company has launched application based business in software products. The Company has thereby upgraded its services in System Integration (SI) through Cloud computing and deployment* technologies. Through license consulting the Company shall enhance its profitable margin in domestic segment
- * deployment- deployment encompasses all the processes involved in getting new software or hardware up and running properly in its environment, including installation, configuration, running, testing, and making necessary changes.

Financial Overview:

Consolidated Financial Highlights:

1. Revenue

Revenue increased by 7% at ₹ 1,682 crores for the Year ended 31st March 2015 as compared to ₹ 1,566 crores for the same period last year. International IT services contributed 36% of revenues while Domestic products and services contributed 64% of the total revenues for the Year ended 31st March 2015.

2. EBITDA

The EBITDA was at 11% at ₹ 187 crores for the year ended 31st March 2015 as compared to 7% at ₹ 110 crores for the same period last year. International IT services contributed 79% while Domestic products and services contributed 21% of the EBITDA for the Year ended 31st March 2015.

3. Profit after Tax after minority interest

Profit after Tax was at 8% at ₹ 133.70 crores for the year ended 31st March 2015 as compared to 5% at ₹ 77.77 crores for the same period last year. International IT services contributed 81% while Domestic products and services contributed 19% of the PAT for the Year ended 31st March 2015.

4. Interest and Borrowings

During the year the Company has incurred ₹ 2.76 crores as interest cost.

The Company had a Net Cash balance of ₹ 239 crores (including investment in Mutual Funds and net of bank borrowing).

5. Capital Employed

The Return on Average Capital Employed (ROCE) for the year ended 31st March 2015 was 32.8%.

6. Net Worth

The Return on Average Net Worth (RONW) for the year ended 31st March 2015 was 33.3%.

7. Fixed Assets

The Company added fixed assets to the extent of ₹ 6.37 crores.

Net cash generated from operations is ₹ 76.93 crores for the year ended 31st March 2015.

8. Manpower

The total employee strength as on 31st March 2015 was 3,018 as against 2,565 as on 31st March 2014.

Financial Highlight of SSL Standalone

1. Revenue

Revenue increased by 40% at ₹ 467 crores for the Year ended 31st March 2015 as compared to ₹ 334 crores for the same period last year.

2. Operating Expenses

The ratio of operating expenditure to total income has decreased by 10% over the same period last year.

3. EBITDA

The EBITDA was at 34% for the year ended 31st March 2015 as compared to 23% for the same period last year.

4. Profit after Tax

Profit after Tax was at 25% for the year ended 31st March 2015 as compared to 16% for the same period last year.

5. Interest and Borrowings

The Company has availed packing credit from bank and the balance for the year ended 31st March 2015 is ₹ 5.32 crores. During the year the Company has incurred ₹ 1.14 crores as interest cost.

The Company had a Net Cash balance of ₹ 213 crores (including investment in Mutual Funds and net of bank borrowing).

6. Capital Employed

The Return on Average Capital Employed (ROCE) for the year ended 31st March 2015 was 34.5%

7. Net Worth

The Return on Average Net Worth (RONW) for the year ended 31st March was 34.7%

8. Fixed Assets

The Company added fixed assets to the extent of ₹ 5 crores, mainly in the corporate office and Global village SEZ units in Bangalore.

Net Cash generated from operations is ₹ 83 crores for the year ended 31st March 2015.

9. Manpower

The total employee strength as on 31st March 2015 was 2,732 as against 2,242 as on 31st March 2014.

Outlook

The Company's approach to focus on strategic accounts, continue to differentiate its service offerings within its focus area, attracting & retaining top talent, focus towards enhancing operational efficiency and scale-up towards building a delivery capability & excellence has established the Company as a preferred partner for its clients within its focused verticals namely Travel, Retail & Distribution and Consumer Packaged goods. During the year, the Company had successfully completed several projects by launching unique solutions in multichannel e-commerce offerings, developed a "brick & click" solutions, 'Traveller Companion App' built for Rezopia, its first multi-lingual mobile application etc. The client's response towards its solution offering was encouraging. The Company shall continue to propel further in its area of strength through alliances, developing customer center of excellence and by readying its clients to be prepared for digital age. The current fiscal numbers reflect its success in both domestic and international business. The Company believes that its efforts in becoming a reliable partner to its clients will make it a leader in digital solution provider in the years to come.

Risk Management:

(a) Economic Risk:

Risk: The economic slowdown and adverse movement of key macroeconomic indicators can impact Company's business operations.

Mitigation: Geographic diversity, in terms of two distinct markets namely developed and developing regions coupled with diversity in business lines namely IT Services and Software Products helps protect Sonata from economic slowdown. The Company's account management strategy spans for a period of 3 years at the start of the project itself. The strategy is based on an extensive review of clients' IT environment and its business strategy. This facilitates in company becoming a partner in both growth and

challenging scenario for its clients and creating value for the clients irrespective of overall environment scenario. A longstanding relationship with key clients together with long term contracts helps abate the impact to a greater extent.

(b) **Foreign Currency Risk:**

Risk: With a significant portion of Company's revenues coming from exports, volatility in exchange rates may impact Company's business adversely. The Company transacts its revenue in more than one currency; this exposes it towards a risk of making losses as a result of currency price fluctuation.

Mitigation:

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuation.

(c) **Concentration risk**

Risk: Regional concentration as well as vertical concentration can adversely impact Company's business in case of a slowdown. As like for all mid-tier IT services companies client concentration is a significant risk. The Company's top 10 clients' contribution has declined to nearly 72 percent of revenues in IT services. The Company monitors this risk and mitigation efforts through diversification of its client base are worked on continually. Geographical spread, competition and financial stability of our customers are other customer centric risks that the Company faces.

Mitigation: Diversity, both in terms of region and verticals, is intrinsically woven into the DNA of Sonata. The Company continues to further diversify its business in terms of regional and vertical exposure on ongoing basis.

(d) **Competition risk**

Risk: The ever-increasing competition poses a key risk in terms of acquiring client business as well as human talent.

Mitigation: Company stays invested in enhancing the value proposition for its customers by way of deepening its domain expertise, technological capabilities and customer engagement. On the human capital front, Sonata's brand equity and best-in-class HR principles and practices makes it a preferred employer.

(e) **Regulatory risk**

Risk: Legislation in various countries in which we operate including the US and UK may place restrictions on companies in those countries from outsourcing work to us, or may implement stricter immigration laws, or may limit our ability to send our employees to certain client sites. The Company has faced significant challenges in the areas of Income-tax related issues in India.

Mitigation: A team of professionals within and outside the Company work on mitigating this on a continuous basis and during the year they have seen quite a bit of success. Issues of tax relate to litigations with Income Tax authorities

in India on deduction/ exemption of profits derived from export of software under Section 10A of the Income-Tax Act, treatment of payments for purchase of software as 'royalty' and consequent denial of deductions for such payments on the basis that taxes have not been deducted at source, etc. Management is taking an active role in highlighting these issues and those faced by the Industry with Government Authorities through active representation. These initiatives outside of pure litigation have also helped in resolving long standing disputes. In our endeavor to provide uninterrupted world class services to our customers, we are planning to set up Delivery centers or operations in these countries to ensure local compliance and customer satisfaction.

Human Resource Department:

At Sonata, employees are the Company's biggest asset and the Company continuously focuses towards innovative initiatives to attract, train, retain and motivate its employees. The Company's endeavors are driven by a strong set of values imbibed in it and policies that it abide by and empower Sonatians to "Go Deeper" in pursuit of excellence and to succeed in a dynamic business environment. All the Company's policies are focused towards a healthy, happy and prosperous work environment for its employees and thereby also fulfill the aspirations of the people at work.

Sustained investments in better defining and nurturing an organizational culture and people helped the Company to continue to attract best-in-class talent across levels who primarily value the impact they can create on customers and themselves by being part of Sonata.

The Company has well defined employee management and skill management process through career planning, training & development and rewards and recognition systems, thereby strengthening its core HR systems.

The Company ended the year with a headcount of 3,018 which was an increase by 18% compared to the previous year's headcount of 2,565. During the year, we have attracted talent from leading Business schools for managerial, marketing and technical roles.

Internal Control System

Sonata has deployed adequate Internal Control Systems (ICS) in place to ensure a smooth functioning of its business. The processes and the systems are reviewed constantly and changed to address the changing regulatory and business environment. The Control Systems provide a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets. The ERP system which the Company had implemented has helped in further strengthening the internal control systems that are in place. The existing internal control systems and their adequacy are frequently reviewed and improved upon to meet the changing business environment. The external auditors as well as the internal auditors periodically review the internal control systems, policies and procedures for their adequacy, effectiveness and continuous operation for addressing risk management and mitigation strategies.

AUDITOR'S CERTIFICATE

To the Members of SONATA SOFTWARE LIMITED

We have examined the compliance of conditions of Corporate Governance by **Sonata Software Limited** ("the Company") for the year ended on March 31, 2015, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

For **DELOITTE HASKINS & SELLS**

Chartered Accountants
(ICAI Registration No.0080725)

Place: Mumbai
Date: 19th May, 2015

V. Srikumar
Partner
(Membership No. 84494)

DECLARATION

(As required under Clause 49 of the Listing Agreement in relation to Code of Conduct)

I, P Srikar Reddy, Managing Director & CEO of Sonata Software Ltd, to the best of my knowledge and belief, hereby declare that all Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the Financial Year ended 31st March, 2015.

Mumbai
19th May, 2015

P Srikar Reddy
Managing Director & CEO

REPORT ON CORPORATE GOVERNANCE

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Clause 49 of the Listing Agreement and hereby presents the following Corporate Governance Report for the Financial Year 2014-15 based on the said requirements.

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

Sonata Software Limited ("Sonata"/ the "Company") is committed to good Corporate Governance. The fundamental objective of Sonata'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 compliance of any laws and regulations."

II. BOARD OF DIRECTORS

The Board of Directors of Sonata as on 31st March, 2015 comprised of eight Directors of whom three are Promoter Directors (out of which two are Non-Executive Directors and one is an Executive Director), one is an Executive Director and four are Independent Directors. None of the Directors are related to each other.

During the Financial Year 2014-15, six meetings of the Board were held with a time gap of not more than one hundred and twenty days between any two meetings. These meetings were held on 26th May, 2014, 11th August, 2014, 8th September, 2014, 7th November, 2014, 6th February, 2015 and 31st March, 2015.

The names, designation, categories of the Directors and their shareholding in the Company as on 31st March, 2015 are as given below:

Name of the Director	Designation	Category	Equity shareholding in the Company
Pradip P Shah	Chairman	Independent Director	Nil
S B Ghia	Director	Promoter, Non-executive Director	5,000
M D Dalal	Executive Vice Chairman	Promoter, Executive Director	10,36,260
Viren Raheja	Director	Promoter, Non-executive Director	82,50,000
P Srikar Reddy	Managing Director & CEO	Executive Director	15,15,004
S N Talwar	Director	Independent Director	50,000
B K Syngal	Director	Independent Director	Nil
Radhika Rajan	Director	Independent Director	Nil

Details of Directors' attendance during the Financial Year, directorships/committee memberships held by them as on 31st March, 2015 are as given below :

Director's Name	No. of Board Meetings held	No. of Board Meetings attended	Whether attended the last AGM on 11 th August, 2014	No. of memberships in Boards of other Public Companies*	No. of Committee memberships in all Public Companies**
Pradip P Shah	6	5	Yes	8	9
S.B.Ghia	6	5	Yes	4	6
M.D.Dalal	6	5	Yes	1	2
Viren Raheja	6	6	No	8	3
P Srikar Reddy	6	6	Yes	2	2
S N Talwar	6	5	Yes	7	0
B K Syngal	6	5	Yes	2	3
Radhika Rajan	4	4	No As she was appointed w.e.f. 12 th August, 2014	5	1

NOTE :

* For the purpose of calculating the number of Directorships in other Public Companies, Sonata has been excluded.

** (a) For the purpose of calculating the number of Committee membership in all Public Companies, Sonata has been included.

(b) The disclosure includes only membership chairmanship of Audit Committee and Stakeholders Relationship Committee in Indian public companies (listed and unlisted). None of the above Directors are Chairman in more than five Committees.

As required under Clause 49 of the Listing Agreement, particulars of Directors seeking appointment / re-appointment are given in the Explanatory Statement to the Special Businesses proposed in the Notice annexed to the Notice of the Annual General Meeting to be held on 31st July, 2015

III. AUDIT COMMITTEE

- Terms of Reference

The Audit Committee has inter alia the following mandate:

1. To oversee the Company's financial reporting process and disclosure of its financial information to ensure the financial statements are correct, sufficient and credible.
2. To recommend appointment/re-appointment, remuneration and terms of appointment of Auditors of the Company
3. To approve payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. To review with the Management matters required to be included in the Director's Responsibility Statement which in turn needs 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, major accounting entries involving estimates based on exercise of judgment by the management, compliance with listing regulations and other legal requirements relating to financial statements.
5. To review with the Management, performance of statutory and internal auditors, the adequacy of internal control systems, changes in accounting policies/procedures, major accounting entries based on the exercise of judgment by Management, significant

adjustments in the financial statements arising out of audit findings, statutory compliance, qualifications in draft audit report, default in payments to shareholders/creditors, if any.

6. Discussion with Auditors on nature and scope of audit, any significant findings / investigations and follow up there on.
7. To review, with the Management, the audited quarterly and annual financial statements before submission to the Board for approval.
8. To evaluate the Company's internal financial controls and risk management systems.
9. To review management letters/letters of internal control weaknesses and appointment, removal and terms of remuneration of the Internal Auditor.
10. To approve the appointment of CFO after assessing the qualifications, experience and background.
11. To review the functioning of the Vigil Mechanism / Whistle Blower policy.
12. To review and monitor the Auditor's Independence and performance, and effectiveness of audit process.
13. Approval or any subsequent modification of transactions of the Company with related parties.
14. To scrutinise inter - corporate loans and investments.

- Composition

The Audit Committee at Sonata comprises of three (3) Members of whom two are Independent Directors and one is a Promoter Non Executive Director.

B K Syngal	- Chairman (Independent, Director)
S B Ghia	- Member (Promoter, Non-executive Director)
Pradip P Shah	- Member (Independent, Director)

Secretary

Priya Manoj Jaswani - Company Secretary

By Invitation

The Chief Financial Officer and AVP-Finance & Accounts are present at the meetings of Audit Committee. Also representatives of the Statutory Auditors and Internal Auditors are invited to the meeting of the Audit Committee.

Meetings and attendance during the Financial Year

Members	Meetings held	Meetings attended
B K Syngal	5	5
S B Ghia	5	4
Pradip P Shah	5	5

IV. NOMINATION AND REMUNERATION COMMITTEE

Terms of Reference

1. To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy relating to remuneration of Director, KMPs and other employees.
2. To formulate criteria for evaluation of Independent Directors and the Board
3. To devise a policy on Board Diversity
4. To 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 their appointment and removal.

Composition

The Nomination and Remuneration Committee at Sonata during the Financial Year ended 31st March, 2015

Name	Salary & Perquisites (In ₹)	Commission & Sitting fees (In ₹)	Shares issued under ESOP	Details of service contracts; notice period & severance fees
Pradip P Shah	Nil	3,185,270	--	--
S B Ghia	Nil	3,305,270	--	--
MD Dalal	12,50,000	Nil	--	Effective 01.04.2012 re-appointed as Executive Vice Chairman for a period of 5 years vide Agreement dated 24.05.2012 Three(3) months notice period and no severance fees
Viren Raheja	Nil	3,145,270	--	--
P Srikar Reddy	30,438,932	6,684,834	1,50,000	Effective 14.02.2012 appointed Managing Director & CEO for a period of 5 years vide Agreement dated 24.05.2012; Seven (7) months notice period and severance fees of ₹ 1.20 Crores spread over a period of 3 years.
S N Talwar	Nil	3,165,270	--	--
B K Syngal	Nil	3,245,270	--	--
Radhika Rajan	Nil	1,188,620	--	--

- The Criteria for making payments to Non-Executive Directors viz., S B Ghia, Viren Raheja, Pradip P Shah, S N Talwar, B K Syngal and Radhika Rajan is the Special Resolution passed by the Shareholders at their meeting held on 11th August, 2014, which authorizes the Board to pay commission to Non-Executive Directors in such

comprises of four (4) Members of whom two are Independent Directors and two are Promoter Non Executive Directors,

S N Talwar	-	Chairman (Independent, Director)
S B Ghia	-	Promoter, Non-Executive Director
B K Syngal	-	Independent Director
Viren Raheja	-	Promoter, Non-Executive Director

Secretary

Priya Manoj Jaswani - Company Secretary

Meetings and attendance during the Financial Year

Members	Meetings held	Meetings attended
S N Talwar	3	2
S B Ghia	3	3
B K Syngal	3	3
Viren Raheja	3	3

Nomination and Remuneration Policy

The Nomination and Remuneration Policy forms part of this Report as **ANNEXURE I**

Details of remuneration paid/payable to all the Directors

amounts or proportions which cumulatively shall not exceed 1% of the net profits of the Company in any Financial Year.

- Further, as authorized by the Board in the meeting held on 14th February, 2012, all Non-

Executive Directors are also being paid a sitting fee of ₹ 20,000/- for each meeting of the Board or Committee attended by them from Financial Year 2012-13 onwards.

V. STAKEHOLDERS RELATIONSHIP COMMITTEE:

- Terms of Reference

The Stakeholders Relationship Committee facilitates prompt and effective redressal of shareholders' complaints and the reporting of the same to the Board periodically.

- Composition

The Stakeholders' Relationship Committee at Sonata comprises of three (3) Members of whom two are Promoter Directors and one is Executive Director.

S B Ghia	- Chairman (Promoter, Non-executive Director)
M D Dalal	- Member (Promoter, Executive Director)
P Srikar Reddy	- Member (Executive Director)

Secretary

Priya Manoj Jaswani - Company Secretary

Meetings and attendance during the Financial Year

Members	Meetings held	Meetings attended
S B Ghia	4	4
M D Dalal	4	3
P Srikar Reddy	4	4

- Name & Designation of Compliance Officer

Priya Manoj Jaswani, Company Secretary

- Details of complaints received and resolved during the Financial Year ended 31st March, 2015 has been provided in the "Shareholders' Information for Financial Year 2014 -15" section of the Annual Report.

VI. CORPORATE SOCIAL RESPONSIBILITY "CSR" COMMITTEE

The CSR Committee was constituted on 26th May, 2014.

- Terms of Reference

1. To formulate and recommend to the Board, a CSR Policy which shall indicate the activities undertaken by the Company;

2. Recommend the amount of expenditure to be incurred on CSR activities; and
3. Monitor the CSR Policy of the Company from time to time

- Composition

The CSR Committee at Sonata comprises of three (3) Members who are categorized as Promoter Non Executive Director, Independent Director and Executive Director.

S B Ghia	- Chairman (Promoter, Non-Executive Director)
S N Talwar	- Member (Independent Director)
P Srikar Reddy	- Member (Executive Director)

- Meetings and attendance during the Financial Year

Members	Meetings held	Meetings attended
S B Ghia	1	1
S N Talwar	1	1
P Srikar Reddy	1	1

VII. SHAREHOLDERS' MEETINGS

- Details of last three AGMs held :

Financial Year	Date	Venue	Time
2011-12	09.07.2012	M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg Mumbai - 400 001	4.00 p.m.
2012-13	06.08.2013	M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg Mumbai - 400 001	4.00 p.m.
2013-14	11.08.2014	M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg Mumbai - 400 001	4.00 p.m.

- Special Resolutions passed in the previous three AGMs

Financial Year 2011-12 - Nil

Financial Year 2012-13 - Yes, one Special Resolution for payment of commission to non-whole-time Directors pursuant to Section 309 of the Companies Act, 1956 was passed.

Financial Year 2013-14 – Yes. The following Special Resolutions were passed at the AGM:

SI No.	Purposes
1.	To create, offer and grant Employee Stock Option to the permanent Employees of the Company
2.	To create, offer and grant Employee Stock Option to the permanent Employees of the Wholly owned Subsidiary Companies
3.	Approval under Section 180(1)(c) for borrowing monies

- **Whether any Special Resolution passed during the last Financial Year through postal ballot - details of voting pattern, person who conducted the postal ballot exercise**

YES. Resolution passed for obtaining approval under Section 180(1)(a) for sale/lease/dispose wholly or substantially the whole of the undertaking

Details of voting pattern are as follows:

Particulars	Aggregate of Physical Ballot Forms and electronic Voting	No of Equity Shares of ₹ 1/- each (Votes)	% of valid votes received
Total valid Postal Ballots/ Votes received	105	37771290	100
Assent to resolution	100	37766176	99.99
Dissent to resolution	5	5114	0.01

Person who conducted the postal ballot exercise :

Mr. Praveen Kumar D, Practicing Company Secretary who was appointed as Scrutinizer for the purpose of conducting Postal Ballot

- **Whether any Special Resolution proposed to be conducted through postal ballot and if so procedure for postal ballot.**

NO

VIII. OTHER DISCLOSURES

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

None

Details of non-compliance by the Company, penalties, 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

Vigil Mechanism

The Company has established and put in place a Vigil Mechanism which has been approved by the Audit Committee at its meeting held on 26th May 2014. The Policy covers the aspect of employees or other stakeholders in the Company to report questionable financial or accounting matter, fraudulent financial information, violation of Company rules, policies and any other legal requirements. The said Policy has been communicated to the employees and is also available on the Company's website. The Company affirms that no employee has been denied access to the Audit Committee during the Financial Year 2014-15.

Mandatory/Non-mandatory Requirements

During the Financial Year 2014-15, the Company

- (a) has duly complied with all mandatory requirements of Clause 49 of the Listing Agreement.
- (b) has adopted the following non-mandatory requirements of Clause 49 of the Listing Agreement:
 - The Company has appointed separate persons to the post of Chairman and Managing Director
 - The Company follows a regime of unqualified financial statements

IX. MEANS OF COMMUNICATION

- Quarterly results / Other information

- The quarterly results are generally published in Business Standard (all India edition) and in Navshakti (Mumbai edition).
- The quarterly financial statements, press releases, shareholding pattern and all other information disseminated to analysts/institutional investors are posted on Company's website (<http://www.sonata-software.com>) under Investor Relations section.

X. GENERAL SHAREHOLDER INFORMATION

It is provided in the section styled as **"Shareholders' Information for FY 2014-15"** published elsewhere in this Annual Report.

- XI. As per Clause 49 of the Listing Agreement with Stock Exchanges, Company is required to obtain a Certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance. The Auditors' Certificate in respect of compliance thereof is enclosed in this Annual Report.

CEO / CFO CERTIFICATION

To
The Board of Directors
Sonata Software Limited
Mumbai

We, P Srikar Reddy, Managing Director & CEO and Sathyanarayana R, AVP - Finance & Accounts of Sonata Software Ltd, to the best of our knowledge and belief, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the Financial Year ended 31st March, 2015 and :
 - (i) these statements 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 ;
 - (ii) these 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 are to the best of our knowledge and belief, no transaction entered into by the Company during the Financial Year ended 31st March, 2015 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) Appropriate internal controls for financial reporting are in place which are reasonably expected to safeguard assets of the Company and there are no deficiencies in the design or operation of internal controls, of which we are aware.
- (d) During the Financial Year ended 31st March, 2015 there were :
 - (i) no significant changes in internal control over financial reporting ;
 - (ii) no significant changes in accounting policies; and
 - (iii) no instances of fraud of which we have become aware.

P Srikar Reddy
Managing Director & CEO
Mumbai, 19th May, 2015

Sathyanarayana R
AVP – Finance & Accounts

Note : Due to resignation of Venkatraman N, as CFO with effect from 9th April, 2015, the CEO-CFO Certificate for the Financial Year 2014-15 has been signed by Sathyanarayana R, AVP-Finance & Accounts jointly with the CEO.

Independent Auditors' Report

TO THE MEMBERS OF SONATA SOFTWARE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of SONATA SOFTWARE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) 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:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 23 (b) to (d) to the accompanying standalone financial statements.

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Place: Mumbai
Date: 19th May, 2015

V. Srikumar
Partner
(Membership No. 84494)

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) In respect of its fixed assets:
- The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
- As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits. Therefore, the provision of the clause 3(v) of the Order are not applicable to the Company.
- (vi) The provisions of clause 3(vi) of the Order are not applicable to the Company as the Company is not covered by the Companies (Cost Records and Audit) Rules, 2014.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax,

Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.

- Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31st March, 2015 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)
Income-tax Act, 1961	Withholding Tax and Interest thereon	Supreme Court	AY 2000-01 to 2002-03	284,187,956
Income-tax Act, 1961	Income Tax and Interest thereon	Income tax Appellate Tribunal	AY 2007-08	173,112,370
Income-tax Act, 1961	Income Tax and Interest thereon	Commissioner of Income Tax (Appeals)	AY 2008-09 to 2011-12	425,481,571
Finance Act, 1994	Service Tax, Penalty and Interest there on	Central Excise and Service Tax Appellate Tribunal	FY 2005-06 to 2008-09	67,653,029

- The Company has been regular in transferring amounts to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and Rules made thereunder within time.
- (viii) The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. There are no borrowings from financial institutions and debenture holders.
- (x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xi) According to the information and explanations given to us, the Company did not avail any term loan during the year. Hence the reporting under this clause is not applicable.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 0080725)

V. Srikumar
Partner

Place: Mumbai
Date: 19th May, 2015

(Membership No. 84494)

Balance Sheet

As at 31st March 2015

(₹)

	Note No.	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Share capital	3	105,159,306	105,159,306
Reserves and surplus	4	3,467,822,218	3,087,994,372
		3,572,981,524	3,193,153,678
NON-CURRENT LIABILITIES			
Other long-term liabilities	5	18,361,128	6,958,445
		18,361,128	6,958,445
CURRENT LIABILITIES			
Short-term borrowings	6	53,167,167	56,947,750
Trade payables	7	364,489,615	318,807,156
Other current liabilities	8	89,647,399	59,812,268
Short-term provisions	9	680,745,002	437,418,513
		1,188,049,183	872,985,687
TOTAL		4,779,391,835	4,073,097,810
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	10 (i)	99,914,600	147,329,441
Intangible assets	10 (ii)	24,789,669	32,698
Capital work-in-progress		1,937,425	189,003
		126,641,694	147,551,142
Non-current investments	11	510,001,270	510,001,270
Deferred tax assets (net)	12	84,055,207	96,949,848
Long-term loans and advances	13	576,928,803	585,657,967
		1,297,626,974	1,340,160,227
CURRENT ASSETS			
Current investments	14	563,412,413	576,609,962
Trade receivables	15	1,020,834,555	641,890,767
Cash and cash equivalents	16	1,623,381,864	1,370,971,036
Short-term loans and advances	17	42,223,391	83,171,205
Other current assets	18	231,912,638	60,294,613
		3,481,764,861	2,732,937,583
TOTAL		4,779,391,835	4,073,097,810
See accompanying notes forming part of the financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

PRADIP P SHAH
Chairman

V. Srikumar
Partner

S B GHIA
Director

B K SYNGAL
Director

For and on behalf of the Board of Directors

P SRIKAR REDDY
Managing Director
& CEO

M D DALAL
Executive
Vice Chairman

VIREN RAHEJA
Director

S N TALWAR
Director

RADHIKA RAJAN
Director

R SATHYANARAYANA
AVP - Finance
& Accounts

PRIYA MANOJ JASWANI
Company Secretary

Place : Mumbai
Date: 19th May 2015

Statement of Profit and Loss

For the year ended 31st March 2015

	Note No.	For the Year Ended 31.03.2015	For the Year Ended 31.03.2014
REVENUE			
Revenue from operations	19.1	4,668,775,158	3,337,045,345
Other income	19.2	316,423,389	173,905,698
Total revenue		4,985,198,547	3,510,951,043
EXPENSES			
Purchase of stock-in-trade (traded goods)		2,582,253	–
Employee benefits expense	20	2,575,710,022	1,873,179,248
Other expenses	21	805,187,577	873,741,157
Total expenses		3,383,479,852	2,746,920,405
Earnings before interest, tax, depreciation and amortization (EBITDA)		1,601,718,695	764,030,638
Finance costs	22	11,430,198	1,664,222
Depreciation and amortization expense	10 (iii)	52,227,186	73,921,821
		63,657,384	75,586,043
Profit before tax		1,538,061,311	688,444,595
Tax expense			
Current tax expense		342,827,871	205,925,614
Short provision for tax relating to prior years		1,866,357	12,746,412
Deferred tax		18,669,296	(68,647,172)
Net tax expense		363,363,524	150,024,854
Profit for the year		1,174,697,787	538,419,741
Earnings per share - Basic and Diluted (on ₹ 1 per share)	35	11.17	5.12
Par value ₹ 1 per share			
See accompanying notes forming part of the financial statements			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

PRADIP P SHAH
Chairman

For and on behalf of the Board of Directors

P SRIKAR REDDY
Managing Director
& CEO

M D DALAL
Executive
Vice Chairman

V. Srikumar
Partner

S B GHIA
Director

VIREN RAHEJA
Director

S N TALWAR
Director

B K SYNGAL
Director

RADHIKA RAJAN
Director

R SATHYANARAYANA
AVP - Finance
& Accounts

Place : Mumbai
Date: 19th May 2015

PRIYA MANOJ JASWANI
Company Secretary

Cash Flow Statement

For the year ended 31st March 2015

(₹)

	For the Year Ended 31.03.2015	For the Year Ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1,538,061,311	688,444,595
Adjustments for :		
Depreciation and amortization expense	52,227,186	73,921,821
Finance costs	11,430,198	1,664,222
Provision for doubtful trade receivables	162,381	13,111,221
Bad trade receivables written off	513,451	-
Provision for doubtful advances	-	6,346,135
Provisions/ liabilities no longer required written back	(17,734,167)	(6,647,067)
Interest from fixed deposits with banks	(87,711,244)	(6,829,711)
Interest from inter-corporate deposits	(18,604,780)	(25,022,117)
Interest on Income-tax refund	(1,820,301)	(3,137,369)
Dividend income from current investments	(26,181,825)	(56,190,677)
Dividend income from long-term investments in subsidiaries	(57,381,698)	(75,506,466)
Net loss on sale of fixed assets / scrapped	1,138,092	1,282,292
Gain/(loss) on sale of current investments	(907,394)	10,208,995
Provision for diminution in value of non-current investment in subsidiary company	-	500,000
Excess of carrying costs over fair value of current investments	-	907,340
Unrealized foreign exchange gain (net)	(38,272,963)	(19,806,342)
Foreign exchange (gain) / loss on redemption of investments	-	(4,043,995)
Operating profit before working capital changes	1,354,918,247	599,202,877
Adjustments for :		
Decrease/(increase) in trade receivables	(373,884,955)	(23,139,243)
Decrease/(increase) in other current assets	9,879,761	(22,509,712)
Decrease/(increase) in long-term loans and advances	(27,660,442)	(18,740,291)
Decrease/(increase) in short-term loans and advances	40,947,814	(31,117,486)
(Decrease)/increase in trade payables	57,299,642	179,562,465
(Decrease)/increase in other current liabilities	21,061,715	1,925,208
(Decrease)/increase in long-term provisions	11,402,683	6,958,445
(Decrease)/increase in short-term provisions	5,572,527	36,110,416
Cash generated from operations	1,099,536,992	728,252,679
Direct taxes/advance tax paid (net)	(265,413,067)	(145,746,620)
Net cash from operating activities (A)	834,123,925	582,506,059
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, capital work-in- progress and capital advances	(51,294,503)	(18,427,277)
Proceeds from sale of fixed assets	2,485,331	1,794,659
Proceeds of current investments (net)	14,104,943	(370,033,551)
Redemption of investment in subsidiary	-	336,180,000
Bank balances not considered as Cash and cash equivalents	(1,143,388,658)	(2,662,594)
Interest received	59,771,493	32,666,521

	For the Year Ended 31.03.2015	For the Year Ended 31.03.2014
Dividend received	26,181,825	56,190,677
Dividend received from subsidiary	57,381,698	75,506,466
Inter corporate deposit to subsidiary (net)		280,000,000
Net income tax (paid) / refunds		(4,227,931)
Net cash from/ (used in) investing activities (B)	(1,034,757,871)	386,986,970
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of short-term borrowing	(3,780,583)	(110,873,750)
Dividends paid on equity shares	(574,995,658)	(234,031,976)
Dividend taxes paid on equity shares	(92,558,263)	(35,909,242)
Finance costs	(9,705,650)	(1,664,222)
Net cash used in financing activities (C)	(681,040,154)	(382,479,190)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(881,674,100)	587,013,839
Opening Cash and cash equivalents (Refer Note 16)	1,360,977,897	784,120,969
Exchange difference on translation of foreign currency Cash and cash equivalents	(9,303,730)	(10,156,911)
Closing Cash and cash equivalents (Refer Note 16)	470,000,067	1,360,977,897
Cash and cash equivalents at the end of the year comprises:		
Cheques, drafts on hand	3,918,907	4,171,135
Balances with banks		
In current accounts	174,380,417	157,722,717
In EEFC accounts	11,700,743	14,484,045
In demand deposit accounts	280,000,000	1,184,600,000
	470,000,067	1,360,977,897
See accompanying notes forming part of the financial statements		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

PRADIP P SHAH
Chairman

For and on behalf of the Board of Directors
P SRIKAR REDDY
Managing Director
& CEO

M D DALAL
Executive
Vice Chairman

V. Srikumar
Partner

S B GHIA
Director

VIREN RAHEJA
Director

S N TALWAR
Director

B K SYNGAL
Director

RADHIKA RAJAN
Director

R SATHYANARAYANA
AVP - Finance
& Accounts

Place : Mumbai
Date: 19th May 2015

PRIYA MANOJ JASWANI
Company Secretary

Notes forming part of financial statements

1. Corporate information

Sonata Software Limited ("SSL" or the "Company") is a Company registered in India with its registered office at Mumbai and operationally headquartered at Bangalore. The Company is listed on The National Stock Exchange Limited and The Bombay Stock Exchange Limited. The Company is primarily engaged in the business of providing IT Services and Solutions to its customers in the US, Europe, Middle East and India.

2. Significant accounting policies

a. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

c. Depreciation / Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, 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 to the 2013 Act.

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

Intangible assets are amortized over their estimated useful life on straightline method as follows:

- Computer software- 3 years
- Goodwill acquired on purchase of business- 5 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changes, if any.

d. Revenue recognition

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenues from fixed price contracts are 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.

Revenues from sale of product and licenses are recognised on transfer of significant risks and rewards of ownership to the buyers, which generally coincides with delivery where there is no customisation required. In case of customisation 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.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Revenues are reported net of discounts.

Dividend income is recognised when the right to receive it is established. Interest income is accounted on accrual basis.

e. Fixed Assets (Tangible/Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure, if any, on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

f. Foreign currency transactions and translations

Initial recognition

Company: Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Integral foreign operations: Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Company: Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's integral foreign operations outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

Treatment of exchange differences

Company: Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Integral foreign operations: Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company's integral foreign operations are recognised as income or expense in the Statement of Profit and Loss.

Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Exchange difference on such contracts are recognised in the Statement of Profit and Loss of the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

g. Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

h. Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity and compensated absences.

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

For defined benefit plan in the form of gratuity, the cost of providing benefit is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already

vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

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.

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.

i. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

j. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of computing diluted earnings per share, profit / (loss) after tax (including the post tax effect of extraordinary items, if any) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

k. Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there is unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognized in reserves are recognized in reserves and not in the Statement of Profit and Loss.

l. Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss.

m. Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are

disclosed in the Notes. Contingent assets are not recognized in the financial statements.

n. Hedge accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments/ highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognized directly in "Hedging reserve" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognized immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve" are reclassified to the Statement of Profit and Loss in the same periods during which the committed/ forecasted transaction affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For committed/ forecasted transaction, any cumulative gain or loss on the hedging instrument recognized in "Hedging reserve" is retained until the committed/ forecasted transaction occurs. If the committed/ forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in "Hedging reserve" is immediately transferred to the Statement of Profit and Loss.

o. Operating cycle

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3: Share capital

	(₹)	
	As at 31.03.2015	As at 31.03.2014
Authorized		
150,000,000 equity shares of face value ₹ 1/- each	150,000,000	150,000,000
(As at 31.03.2014 : 150,000,000 equity shares of face value ₹ 1/- each)		
Issued, subscribed and paid-up		
105,159,306 equity shares of face value ₹ 1/- each fully paid-up	105,159,306	105,159,306
(As at 31.03.2014 : 105,159,306 equity shares of face value ₹ 1/- each)		
Total	105,159,306	105,159,306

Refer notes (i) to (iii) below

Notes :

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

	Opening balance	Fresh issue/ Other changes	Closing balance
Equity shares with voting rights			
Year ended 31st March 2015			
Number of shares	105,159,306	-	105,159,306
Amount in ₹	105,159,306	-	105,159,306
Equity shares with voting rights			
Year ended 31st March 2014			
Number of shares	105,159,306	-	105,159,306
Amount in ₹	105,159,306	-	105,159,306

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

The Company has equity shares having a par value of ₹ 1. Each shareholder 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 1956 Act/the 2013 Act, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

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

	As at 31.03.2015		As at 31.03.2014	
	No. of shares	% of holding	No. of shares	% of holding
Hemendra M Kothari	10,660,026	10.14	9,050,000	8.61
Akshay Raheja	8,250,000	7.85	8,250,000	7.85
Viren Raheja	8,250,000	7.85	8,250,000	7.85
Suman Raheja	6,900,000	6.56	6,900,000	6.56

4 : Reserves and surplus

	As at 31.03.2015	As at 31.03.2014
Securities premium	450,924,411	450,924,411
General reserve		
Opening balance	709,154,246	649,154,246
Add: Transfer from surplus in Statement of Profit and Loss	120,000,000	60,000,000
Closing balance	829,154,246	709,154,246

(₹)

	As at 31.03.2015	As at 31.03.2014
Hedging reserve		
Opening balance	3,356,069	(11,274,506)
Add: Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year.	90,350,312	3,356,069
Less: Transferred to Statement of Profit & Loss	3,356,069	(11,274,506)
Closing balance	90,350,312	3,356,069
Surplus in Statement of Profit and Loss		
Opening balance	1,924,559,646	1,903,204,281
Less: Depreciation on transition to Schedule II of the 2013 Act on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note 10(v))	11,352,885	-
Add : Profit for the year	1,174,697,787	538,419,741
Less :		
Proposed dividend (Dividend proposed to be distributed to equity share holders ₹ 4.25/share) (Previous year ₹ 2.75/- equity share)	446,927,051	289,188,092
Interim dividend (Interim dividend is distributed to equity share holders ₹ 2.75/share) (Previous year ₹ 1/- equity share)	289,188,092	105,159,306
Tax on proposed dividend	90,985,409	49,147,516
Tax on interim dividend	52,302,295	17,871,824
Set-off of tax on interim dividend paid by subsidiary	(8,891,548)	(4,302,362)
Transfer to general reserve	120,000,000	60,000,000
Closing balance	2,097,393,249	1,924,559,646
Total	3,467,822,218	3,087,994,372

5 : Other long-term liabilities

(₹)

	As at 31.03.2015	As at 31.03.2014
Provision for rent equalization	18,361,128	6,958,445
Total	18,361,128	6,958,445

6 : Short-term borrowings

(₹)

	As at 31.03.2015	As at 31.03.2014
Loans repayable on demand		
From bank - Secured	53,167,167	56,947,750
Note:		
As at 31.03.2015 : Secured by lien on fixed deposits		
(As at 31.03.2014: Secured by pari passu first charge on all the current assets of the Company both present and future including stocks, book debts and other current assets wherever located)		
Total	53,167,167	56,947,750

7 : Trade Payable

	As at 31.03.2015	As at 31.03.2014
Trade payables - other than acceptances (Refer Note 25)	364,489,615	318,807,156
Total	364,489,615	318,807,156

8 : Other current liabilities

	As at 31.03.2015	As at 31.03.2014
Interest accrued and due on borrowings	1,724,548	-
Income received in advance (Unearned revenue)	2,369,885	3,587,833
Gratuity (Refer Note 31)	1,603,997	-
Unpaid dividend (Refer Note 36)	13,287,534	9,907,008
Other payables		
Statutory remittances	63,423,380	36,287,212
Payable on purchase of fixed assets	5,256,286	1,587,944
Other liabilities	1,981,769	8,442,271
Total	89,647,399	59,812,268

9 : Short-term provisions

	As at 31.03.2015	As at 31.03.2014
Provision for employee benefits - Compensated absences	63,338,961	57,766,434
Others		
Provision for tax (net of advance tax - ₹514,355,669/- (as at 31.03.2014 - ₹ 277,830,959/-) and net of MAT credit - ₹ 37,172,793/- (as at 31.03.2014 - ₹ 58,482,208))	79,493,581	41,316,471
Provision for proposed equity dividend	446,927,051	289,188,092
Provision for tax on proposed dividends	90,985,409	49,147,516
Total	680,745,002	437,418,513

10 : FIXED ASSETS
10(i) Tangible assets

Particulars*	Gross block				Accumulated depreciation					Net block		
	Cost as at 01.04.2014	Additions	Acquisitions through business combinations	Deductions / adjustments	Cost as at 31.03.2015	Upto 31.03.2014	For the year	Deductions / adjustments	Transition adjustment recorded against Surplus in Statement of Profit & Loss	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Leasehold land	35,200,000	-	-	-	35,200,000	5,475,942	1,076,317	-	-	6,552,259	28,647,741	29,724,058
	(35,200,000)	(-)	(-)	(-)	(35,200,000)	(4,399,626)	(1,076,316)	(-)	(-)	(5,475,942)	(29,724,058)	
Buildings	15,493,000	-	-	-	15,493,000	3,472,543	245,217	-	-	3,717,760	11,775,240	12,020,457
	(15,493,000)	(-)	(-)	(-)	(15,493,000)	(3,220,007)	(252,536)	(-)	(-)	(3,472,543)	(12,020,457)	
Leasehold improvements	228,099,522	478,577	-	524,374	228,053,725	203,048,972	13,661,775	524,373	-	216,186,374	11,867,351	25,050,550
	(228,042,522)	(57,000)	(-)	(-)	(228,099,522)	(170,293,655)	(32,755,317)	(-)	(-)	(203,048,972)	(25,050,550)	
Plant and equipment	292,139,737	5,056,791	1,075,217	10,156,876	288,114,869	268,686,474	9,637,700	9,706,741	2,518,806	271,136,239	16,978,630	23,453,263
	(294,310,116)	(11,388,875)	(-)	(13,559,254)	(292,139,737)	(254,076,957)	(27,329,756)	(12,720,239)	(-)	(268,686,474)	(23,453,263)	
Furniture and fixtures	101,419,920	5,268,194	1,500,507	8,419,730	99,768,891	84,644,272	6,354,797	6,677,266	150,846	84,472,649	15,296,242	16,775,648
	(100,489,883)	(1,836,429)	(-)	(906,392)	(101,419,920)	(80,353,881)	(5,162,793)	(872,402)	(-)	(84,644,272)	(16,775,648)	
Vehicles	4,952,656	1,329,482	-	516,386	5,765,752	3,341,354	659,603	414,831	-	3,586,126	2,179,626	1,611,302
	(9,431,786)	(649,234)	(-)	(5,128,364)	(4,952,656)	(6,739,888)	(475,920)	(3,874,454)	(-)	(3,341,354)	(1,611,302)	
Office equipments	105,968,292	6,315,345	1,104,653	10,945,096	102,443,194	67,274,129	17,157,235	9,615,828	14,457,888	89,273,424	13,169,770	38,694,163
	(105,308,760)	(4,039,294)	(-)	(3,379,762)	(105,968,292)	(62,967,212)	(6,736,643)	(2,429,726)	(-)	(67,274,129)	(38,694,163)	
Total	783,273,127	18,448,389	3,680,377	30,562,462	774,839,431	635,943,686	48,792,644	26,939,039	17,127,540	674,924,831	99,914,600	147,329,441
	(788,776,067)	(17,970,832)	(-)	(22,973,772)	(783,273,127)	(582,051,226)	(73,789,281)	(19,896,821)	(-)	(635,943,686)	(147,329,441)	

Previous year figures are in brackets

10 (ii) Intangible Assets

Particulars *	Gross block				Accumulated amortization					Net block		
	Cost as at 01.04.2014	Additions	Acquisitions through business combinations	Deductions / adjustments	Cost as at 31.03.2015	Upto 31.03.2014	For the year	Deductions / adjustments	Transition adjustment recorded against Surplus in Statement of Profit & Loss	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Computer software - purchased	106,685,809	-	-	-	106,685,809	106,653,111	20,665	-	-	106,673,776	12,033	32,698
	(121,167,794)	(-)	(-)	(14,481,985)	(106,685,809)	(121,002,554)	(132,540)	(14,481,983)	(-)	(106,653,111)	(32,698)	-
Goodwill on purchase of business (Refer note 10(iv))	-	-	28,191,513	-	28,191,513	-	3,413,877	-	-	3,413,877	24,777,636	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	-
Total	106,685,809	-	28,191,513	-	134,877,322	106,653,111	3,434,542	-	-	110,087,653	24,789,669	32,698
	(121,167,794)	(-)	(-)	(14,481,985)	(106,685,809)	(121,002,554)	(132,540)	(14,481,983)	(-)	(106,653,111)	(32,698)	-

Previous year figures are in brackets

* Represents owned unless otherwise stated

10 (iii) Depreciation and amortization expense

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Depreciation on Tangible assets		
As per Note 10(i)	48,792,644	73,789,281
Amortization on Intangible assets		
As per Note 10(ii)	3,434,542	132,540
Total	52,227,186	73,921,821

10 (iv) During the year, the Company has acquired software service business of Xyka Software Private Limited, pursuant to a business transfer agreement dated 21.08.2014. The Company has acquired the business by way of slump sale for a consideration in cash. Excess of consideration paid over net assets taken over is treated as goodwill, in accordance with Para 16 of Accounting Standard 10, Accounting of Fixed Assets.

10 (v) During the year, pursuant to the notification of Schedule II to the 2013 Act with effect from 01.04.2014, the Company revised the estimated useful life of its assets to align the useful life with those specified in Schedule II. Further, assets individually costing ₹ 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.

Pursuant to the transition provisions prescribed in Schedule II to the 2013 Act, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on 01.04.2014, and has adjusted an amount of ₹ 11,352,885/- (net of tax) against the opening balance in Surplus in Statement of Profit & Loss under Reserves and surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 12,211,563/- consequent to the change in the useful life of the assets.

11: Non-current investments

	As at 31.03.2015	As at 31.03.2014
Trade, Long-term, unquoted and at cost		
In subsidiary companies		
Investment in equity instruments	33,753,940	33,753,940
3,375,394 Equity shares of ₹ 10/- each in Sonata Information Technology Limited (fully paid)		
(As at 31.03.2014 - 3,375,394 Equity shares of ₹ 10/- each (fully paid))		

(₹)

	As at 31.03.2015	As at 31.03.2014
300,000 Equity shares of 1 Dollar each in Sonata Software North America Inc., (fully paid) (As at 31.03.2014 - 300,000 Equity shares of 1 Dollar each - (fully paid))	12,232,184	12,232,184
2 Equity shares of Euro 12,500 each in Sonata Software GmbH, Germany (fully paid) (As at 31.03.2014 - 2 Equity shares of Euro 12,500 each (fully paid))	3,166,234	3,166,234
800 Equity shares of 1 Pound each in Sonata Europe Ltd, UK (fully paid) (As at 31.03.2014 - 800 Equity Shares of 1 Pound each (fully paid))	68,223	68,223
500 Equity shares in Sonata Software FZ LLC of 1,000 AED each (fully paid) (As at 31.03.2014 - 500 Equity shares of 1,000 AED each (fully paid))	6,614,250	6,614,250
98 Equity shares in Sonata Software (Qatar) LLC of 1,000 QAR each (fully paid) (As at 31.03.2014 - 98 Equity shares of 1,000 QAR each (fully paid))	1,242,640	1,242,640
Investment in preference shares		
5,484,560 2% non-cumulative convertible redeemable preference shares of 1 Pound each in Sonata Europe Ltd, UK (fully paid) (As at 31.03.2014 - 5,484,560 shares of 1 Pound each (fully paid))	452,923,799	452,923,799
Total	510,001,270	510,001,270
Aggregate cost of unquoted investments	510,001,270	510,001,270

12 : Deferred tax assets (net)

(₹)

	As at 31.03.2015	As at 31.03.2014
Tax effects on		
Difference between book balance and tax balance of fixed assets	42,292,976	31,923,372
Others	41,762,231	65,026,476
Total	84,055,207	96,949,848

13 : Long-term loans and advances

(₹)

	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good unless otherwise stated		
Capital advances	2,894,144	-
Security deposits	123,014,259	103,135,319
Other deposits	15,249,478	11,484,490
Prepaid expenses	5,287,620	1,271,106
Balances with Government authorities		
VAT credit receivable, considered doubtful	6,093,874	6,346,135
Less : Provision for doubtful balances	6,093,874	6,346,135
	-	-
Advance Tax (net of provision for tax - ₹ 432,764,686/- (as at 31.03.2014 - ₹ 326,157,031/-))	310,178,470	290,440,235
MAT credit entitlement	120,304,832	179,326,817
Total	576,928,803	585,657,967

14 : Current investments

(₹)

	As at 31.03.2015	As at 31.03.2014
A) Current portion of long-term investments (at cost)		
Trade, unquoted		
In subsidiary company		
Nil Equity shares in Sonata Technology Solutions India Limited (fully paid) (As at 31.03.2014 - 50,000 Equity shares of ₹ 10/- each)	-	500,000
Less : Provision for diminution in value of current portion of long-term investment	-	500,000
	-	-
B) Other current investments (At lower of cost and fair value, unless otherwise stated)		
Non-trade		
Investments in mutual funds (unquoted)		
Birla Sun Life Short Term Opportunities Fund - Quarterly Dividend 15,588,468.26 units at ₹ 10.51 per unit (As at 31.03.2014 - 14,537,793.33 units at ₹ 10.45 per unit)	163,796,086	151,885,050

	As at 31.03.2015	As at 31.03.2014
Tata Floater Fund Plan A-Daily Dividend Nil units (As at 31.03.2014 - 25,020.29 units at ₹ 1003.53 per unit)	-	25,108,585
Tata Short Term Bond Fund Plan A - Growth 2,154,494.49 units at ₹ 23.21 per unit (As at 31.03.2014 - 2,154,494.49 units at ₹ 23.21 per unit)	50,000,000	50,000,000
Franklin India Short Term Income Retail Plan - Growth 19,531.59 units at ₹ 2540.31 per unit (As at 31.03.2014 - 19,531.59 units at ₹ 2540.31 per unit)	49,616,327	49,616,327
HDFC Short Term Plan - Growth 4,125,514.66 units at ₹ 24.24 per unit (As at 31.03.2014 - 4,125,514.66 units at ₹ 24.24 per unit)	100,000,000	100,000,000
DSP BlackRock Income Opportunities Fund Regular Plan - Growth 2,494,462.29 units at ₹ 20.04 per unit (As at 31.03.2014 - 2,494,462.29 units at ₹ 20.04 per unit)	50,000,000	50,000,000
Reliance Regular Savings Fund - Debt Plan - Growth Plan Growth Option - SDGP 8,961,214.96 units at ₹ 16.74 per unit (As at 31.03.2014 - 8,961,214.96 units at ₹ 16.74 per unit)	150,000,000	150,000,000
Total	563,412,413	576,609,962
Aggregate cost of unquoted investments	563,412,413	578,017,302

15 : Trade receivables

	As at 31.03.2015	As at 31.03.2014
Unsecured	-	-
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	-	-
Considered good	-	178,636
Considered doubtful	407,400	45,094,405
	407,400	45,273,041
Less : Provision for doubtful trade receivables	407,400	45,094,405
	-	178,636
Other trade receivables :		
Considered good	1,020,834,555	641,712,131
Considered doubtful	-	2,188,459
	1,020,834,555	643,900,590
Less : Provision for doubtful trade receivables	-	2,188,459
	1,020,834,555	641,712,131
Total	1,020,834,555	641,890,767

16 : Cash and cash equivalents

	As at 31.03.2015	As at 31.03.2014
Cheques, drafts on hand	3,918,907	4,171,135
Balances with banks		
In current accounts	174,380,417	157,722,717
In EEFC accounts	11,700,743	14,484,045
In demand deposit accounts	280,000,000	1,184,600,000
In earmarked accounts:		
- Balance held as Margin money or security against borrowings	1,140,094,263	86,131
- Unpaid dividend account	13,287,534	9,907,008
The balance that meet the definition of Cash and cash equivalents as per AS-3 Cash flow Statement is ₹ 470,000,067/- (As at 31.03.2014 is ₹ 1,360,977,897/-)		
Total	1,623,381,864	1,370,971,036

17 : Short-term loans and advances

	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good		
Loans and advances to related parties - Advances recoverable (Refer Note 33)	4,391,882	6,828,199
Security deposits	700,000	1,495,904
Gratuity (Refer Note 31)	-	460,234
Loans and advances to employees	3,620,534	2,771,392
Prepaid expenses	24,015,371	46,489,861
Balances with Government authorities - Service tax credit receivable	2,740,523	6,674,557
Other recoverables	6,755,081	18,451,058
Total	42,223,391	83,171,205

18 : Other current assets

	As at 31.03.2015	As at 31.03.2014
Unbilled revenue	43,010,061	52,889,822
Interest accrued on bank deposits	50,593,253	4,048,722
Unrealised gain on forward contracts	138,309,324	3,356,069
Total	231,912,638	60,294,613

19.1 : Revenue from operations

	For the Year ended 31.03.2015	For the Year ended 31.03.2014
Revenue from software services	4,658,590,303	3,328,278,073
Revenue from software product and licenses	2,729,460	-
Other operating revenues	7,455,395	8,767,272
Total	4,668,775,158	3,337,045,345

19.2 : Other income

	For the Year ended 31.03.2015	For the Year ended 31.03.2014
Interest income		
Interest from fixed deposits with banks	87,711,244	6,829,711
Interest from inter-corporate deposits	18,604,780	25,022,117
Interest on Income-tax refund	1,820,301	3,137,369
Dividend income		
from current investments	26,181,825	56,190,677

	For the Year ended 31.03.2015	For the Year ended 31.03.2014
from long-term investments in subsidiaries	57,381,698	75,506,466
Gain on sale of current investments	907,394	-
Net gain on foreign currency transaction and translation	105,897,558	-
Other non-operating income		
Provisions/liabilities no longer required written back	17,734,167	6,647,067
Miscellaneous income	184,422	572,291
Total	316,423,389	173,905,698

20 : Employee benefits expense

	For the Year ended 31.03.2015	For the Year ended 31.03.2014
Salaries, wages, bonus and allowances	2,380,422,311	1,997,895,107
Contribution to provident fund and other funds (Refer Note 31)	151,305,425	101,856,063
Staff welfare expenses	68,979,667	52,931,962
	2,600,707,403	2,152,683,132
Less: Deputation cost/Service charges recovered from subsidiary (Refer Note 33)	24,997,381	279,503,884
Total	2,575,710,022	1,873,179,248

21 : Other expenses

	For the Year ended 31.03.2015	For the Year ended 31.03.2014
Power and fuel	53,030,168	52,692,965
Rent (Refer Note 34)	167,721,086	132,001,700
Repairs and maintenance - Buildings	2,939,409	2,426,871
Repairs and maintenance - Machinery	10,034,917	7,461,329
Insurance	24,226,428	18,938,478
Rates and taxes	1,901,178	2,748,320
Communication cost	36,692,049	31,503,456
Facility maintenance	44,058,155	36,719,635
Travelling and conveyance expenses	226,111,717	226,532,186
Professional and technical fees	67,931,300	62,934,778
Legal fees	3,714,602	5,488,736

	(₹)	
	For the Year ended 31.03.2015	For the Year ended 31.03.2014
Insourcing professional fees	54,147,597	88,361,585
Software license fees	32,513,468	23,327,551
Expenditure on corporate social responsibility (Refer Note 37)	6,422,022	-
Payment to auditors (Refer Note below)	3,780,477	2,860,412
Net loss on foreign currency transaction and translation	-	103,860,078
Net loss on sale of fixed assets / scrapped	1,138,092	1,282,292
Provision for diminution in value of non-current investment in subsidiary Company	-	500,000
Loss on dissolution of subsidiary Company	500,000	-
Less : Provision released	500,000	-
	-	-
Excess of carrying costs over fair value of current investments	-	907,340
Net loss on sale of current investments	-	10,208,995
Bad trade receivables written off	47,551,296	-
Less : Provisions released	47,037,845	-
	513,451	-
Provision for doubtful trade receivables	162,381	13,111,221
Provision for doubtful advances	-	6,346,135
Miscellaneous expenses	78,621,125	65,042,851
	815,659,622	895,256,914
Less: Service charges recovered from subsidiary (Refer Note 33)	10,472,045	21,515,757
Total	805,187,577	873,741,157
Note - Payment to auditors comprises (net of service tax input credit):		
Statutory audit	2,600,000	2,350,000
Other services	725,000	350,000
Reimbursement of expenses	455,477	160,412
	3,780,477	2,860,412
The Company avails input credit for service tax and hence no service tax expense was accrued		

22 : Finance costs

	(₹)	
	For the Year ended 31.03.2015	For the Year ended 31.03.2014
Interest expense on:		
Borrowings	11,206,524	1,539,980
Others	199,133	4,593
Other borrowing costs	24,541	119,649
Total	11,430,198	1,664,222

23 : Contingent liabilities

	(₹)	
	For the Year ended 31.03.2015	For the Year ended 31.03.2014
a) Guarantees	675,000,000	50,000,000
The Company has given corporate guarantees to certain suppliers of Sonata Information Technology Limited (SITL) its wholly owned subsidiary on behalf of SITL, amount drawn down as at year end against this facility is ₹Nil (as at 31.03.2014 is ₹Nil)		
b) Claims against the Company not acknowledged as debt	22,863,099	22,863,099
The Company had received a legal notice from its ex-employee towards compensation arising on account of terms of appointment. Based on legal opinion received by the Company, the maximum amount payable in the event the proceeding goes against the Company is ₹ 22,863,099.		
c) Disputed demand of Service tax	67,653,029	67,653,029
The Company renders Information Technology related services to some of its clients in India. The Service Tax department had classified these services as 'Manpower Recruitment or Supply Agency Services'. The Company had contested this re-classification and had preferred an appeal before the Central Excise and Service Tax Appellate Tribunal (CESTAT). One of the clients of the Company had indemnified the Company for any demands that may arise on account of service tax liability up to an amount of ₹ 23,700,000. The amount included as disputed demand is excluding the amount indemnified by the client.		
d) Disputed demands of Income-tax	1,285,298,864	1,410,577,388

Details of disputed demands of Income-tax by issue and by year are as below:

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

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

The Income-tax department in its assessments has been denying or limiting the benefits of Section 10A of the Act to the multiple undertakings of the Company on the ground that they were in fact one single unit and thus the benefits claimed were in excess of permissible limits, and had raised a demand of ₹720,298,198 (As at 31.03.14 - ₹720,298,198) for financial year 2006-07, 2007-08, 2008-09 and 2009-10.

₹Nil (As at 31.03.2014-₹236,805,408) for the financial year 2005-06. The Commissioner of Income Tax (Appeals) had given a favorable order against which the department had filed an appeal before Income Tax Appellate Tribunal (ITAT). Income Tax Appellate Tribunal has dismissed the appeal during the current year.

For the financial year 2006-07, the Commissioner of Income Tax (Appeals) had given a favorable order against which the department had filed an appeal before Income Tax Appellate Tribunal. For the financial year 2007-08, 2008-09 and 2009-10, the Company has challenged the decision of Assessing Officer and has preferred appeals to the Commissioner of Income-Tax (Appeals).

For the financial year 2001-02, Income Tax Appellate Tribunal had given a favorable order on the ground of income accrued under Section 10A of the Act against which the department had filed an appeal before the High Court of Mumbai ₹14,863,703 (As at 31.04.14 - ₹14,863,703).

(ii) Inter-unit set-off of losses

As discussed in point (i) above, the Company operates multiple operating units and undertakings under the Software Technology Park Scheme of India. While computing its taxable profits, losses from one undertaking were set off against profits of another or carried forward to the subsequent years. The Income-tax department had disallowed such carry forward of losses. The Company received favorable orders from ITAT and the department had preferred an appeal before the Mumbai High Court which is yet to be admitted for financial years 2004-05 and hence there is no contingent liability.

₹12,321,813 (As at 31.03.14 ₹7,770,960) for the financial year 2002-03 and 2003-04. The Company has preferred appeals before ITAT.

(iii) Disallowance of Inter-Company Service Charges

The Company charges Sonata Information Technology Limited, its wholly owned subsidiary, for certain support services rendered. During assessments, the Income-tax department denied Section 10A of the Act benefits on such

support services and assessed the same as normal business income and raised demand of ₹233,708,329 (As at 31.03.14 - ₹138,367,875) for financial years 2001-02, 2002-03, 2003-04 and 2004-05. The Company had received favorable orders from Income Tax Appellate Tribunal. However, the department preferred an appeal on the said orders before the Honorable High Court of Mumbai.

₹11,635,577 (As at 31.03.14- ₹Nil) for the financial year 2010-11. The Company has filed an appeal before the Commissioner of Income Tax (Appeals) during the current year.

(iv) Withholding tax demand

The Income-Tax department has been contending that amounts paid by the Company for buying the software products is in the nature of 'Royalty' and hence had to withhold Income-tax on the same as per the Act and had raised demand of ₹284,187,956 (As at 31.03.14 - ₹284,187,956) for the financial years 1999-00, 2000-01 and 2001-02. The Company's contention has been that the payments were made for purchase of 'Goods' and hence was under no obligation to withhold Income tax on the same. The Company had received favorable orders from the Income Tax Appellate Tribunal which were reversed by the Honorable High Court of Karnataka. The Company had preferred a Special Leave Petition Appeal on the said order to the Honorable Supreme Court of India, which had been admitted. However, for these years one of the principal suppliers of software to the Company had paid taxes of ₹87,904,913 out of the above demand. The amount included as disputed demand is excluding the amount paid by the supplier.

(v) Deductions claimed under section 80 O

Prior to the enactment of Section 10A of the Act, the Company claimed deduction for exports made, under Section 80 O of the Act. The department had re-opened the assessments and disallowed certain aspects of the claims made on the contention that cost allocation principles followed for the claim are erroneous and raised a demand of ₹8,283,288 (As at 31.03.14 - ₹8,283,288) for the financial year 1994-95. The Company had received favorable orders from Income-Tax Appellate Tribunal. The department had preferred an appeal on the said order before the Honorable High Court of Mumbai.

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

24 : Commitments

	(₹)	
	As at 31.03.2015	As at 31.03.2014
Estimated amount of contracts remaining to be executed on capital account and not provided for	9,640,240	3,048,238

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

Particulars	(₹)	
	As at 31.03.2015	As at 31.03.2014
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,111,251	-
(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	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

26. Details on derivative instruments and unhedged foreign currency exposures

- i) Forward exchange contracts (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain receivables / investments.

The following are the outstanding forward exchange contracts entered into by the Company and outstanding as at 31.03.2015 (Previous year figures are in brackets).

Currency	Amount	Buy / Sell	Cross currency
USD	32,800,000	Sell	Rupees
	(16,650,000)	Sell	Rupees
GBP	5,940,000	Sell	Rupees
	(2,350,000)	Sell	Rupees
EUR	5,445,000	Sell	Rupees
	(1,450,000)	Sell	Rupees

- ii) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

	As at 31.03.2015		As at 31.03.2014		Currency
	Receivable/ (Payable) (₹)	Receivable/ (Payable) in Foreign currency	Receivable / (Payable) (₹)	Receivable / (Payable) in Foreign currency	
Trade receivables					
	11,792,681	247,954	6,459,267	116,678	AUD
	7,958,022	123,822	17,141,428	254,022	CHF
	4,862,315	72,367	33,193,331	403,616	EUR
	188,307,680	2,036,639	155,907,565	1,566,562	GBP
	-	-	446,726	27,173	QAR
	54,161,134	866,578	-	-	USD
Other current assets					
	5,139,013	112,995	-	-	SGD
	7,836,162	84,752	9,713,543	97,565	GBP
	6,610,125	105,762	5,390,100	90,000	USD
Short-term loans and advances					
	745,229	15,669	21,590	390	AUD
	1,858,199	27,656	4,581,358	55,707	EUR
	10,131,862	109,581	12,888,442	129,454	GBP
	14,385,765	230,569	16,928,874	282,587	USD
	271,936	5,600	227,904	4,800	SGD
	1,278,459	19,892	-	-	CHF
Other current liabilities					
	(2,418,940)	(53,187)	(3,587,833)	(54,582)	SGD
	(508,321)	(10,688)	-	-	AUD
	(4,423,611)	(47,844)	-	-	GBP
Trade payables					
	(190,652)	(4,009)	(12,326)	(223)	AUD
	(3,112,877)	(48,425)	(976,294)	(14,468)	CHF
	(628,894)	(9,360)	(2,185,633)	(26,576)	EUR
	(72,731,494)	(782,276)	(1,086,498)	(10,913)	GBP
	(5,672,319)	(90,371)	(1,353,601)	(22,601)	USD
	(3,001,359)	(65,993)	-	-	SGD

27 : Value of imports calculated on CIF basis

	(₹)	
	Year ended 31.03.2015	Year ended 31.03.2014
Stock-in-trade - Hardware/ Software product and licenses	2,582,253	-

28 : Expenditure in foreign currency

(₹)

	Year ended 31.03.2015	Year ended 31.03.2014
Travelling and conveyance expenses	86,068,988	103,886,513
Employee benefits expense	382,734,616	330,305,624
Legal, professional and technical fees	35,006,068	60,551,091
Others	19,613,624	22,712,728
Total	523,423,296	517,455,956

29: Dividend remittance in foreign currency

(₹)

	Year ended 31.03.2015			Year ended 31.03.2014	
	First Interim	Second Interim	Final	Interim	Final
Amount remitted (net) (₹)	1,129,384	644,509	1,763,119	5,337,472	6,570,149
Number of non-resident shareholders	435	492	421	407	427
Number of shares on which remittance was made	645,362	644,509	641,134	5,337,472	5,256,119
Year for which the dividend was paid	2014-2015	2014-2015	2013-2014	2013-2014	2012-2013

30: Earnings in foreign exchange

(₹)

	Year ended 31.03.2015	Year ended 31.03.2014
Export of services	4,156,936,318	3,156,903,845
Export of goods calculated on FOB basis	2,008,285	-
Other operating revenues	7,613,392	7,678,597

31: Employee benefit plans

i) Defined contribution plans

a) Provident fund

The Company makes contributions towards a Provident Fund under a defined contribution plan for qualifying employees. The Provident Fund is administered by the Trustees of Sonata Software Limited Provident Fund and by the Regional Provident Fund Commissioner. Under this scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

The Rules of the Company's Provident Fund administered by the Trust require that if the Board of Trustees are

unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future. There has also been no such deficiency since the inception of the Fund.

Provident fund contributions amounting to ₹ 71,245,461 (for the year ended 31.03.2014 ₹ 56,312,685), National Pension Scheme contribution amounting to ₹ 2,518,182 (for the year ended 31.03.2014 ₹ 2,413,390) have been charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 20 Employee benefits expense).

- b) During the year the Company has recognised the following amounts in the Statement of Profit and Loss Employers contribution to

(₹)

	Year ended 31.03.2015	Year ended 31.03.2014
Employee's State Insurance (as part of Staff welfare expenses in Note 20 Employee benefits expense)	178,228	283,222
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 20 Employee benefits expense)	29,573,076	22,871,873

ii) Defined benefit plans - Gratuity

(₹)

	Year ended 31.03.2015	Year ended 31.03.2014
As per actuarial valuation		
Change in Obligation during the year		
Present value of Defined Benefit Obligation at beginning of the year	117,761,920	101,159,121
Current Service Cost	15,605,473	15,455,332
Interest Cost	11,046,068	8,092,730
Liability Transferred In/ Acquisition	1,446,512	-
Actuarial (Gains)/Losses	47,387,720	4,087,798
Benefits Paid	(22,493,937)	(11,033,061)
Present value of Defined Benefit Obligation at the end of the year	170,753,756	117,761,920

	(₹)	
	Year ended 31.03.2015	Year ended 31.03.2014
Change in Assets during the year		
Plan assets at the beginning of the year	118,222,154	98,329,181
Expected return on plan assets	10,285,327	8,554,639
Contributions by Employer	47,350,987	23,548,289
Actual benefits paid	(22,493,937)	(11,033,061)
Actuarial Gains/ (Losses)	15,785,228	(1,176,894)
Plan assets at the end of the year	169,149,759	118,222,154
Actual return on plan assets	26,070,555	7,377,745
Net Asset/(Liability) recognized in the Balance Sheet		
Present Value of Defined Benefit Obligation	170,753,756	117,761,920
Fair value of plan assets	169,149,759	118,222,154
Fund status (Surplus/(Deficit))	(1,603,997)	460,234
Net Assets /(Liability)	(1,603,997)	460,234
Expenses recognized in the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 20 Employee benefits expense)		
Current Service Cost	15,605,473	15,455,332
Interest Cost	11,046,068	8,092,730
Expected return on plan assets	(10,285,327)	(8,554,639)
Net Actuarial (Gains)/Losses	31,602,492	5,264,692
Total Expense	47,968,706	20,258,115
The major categories of plan assets as a percentage of total plan		
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	11.0%	15.6%
Defensive Fund	42.7%	41.4%
Balanced Fund	46.1%	42.7%
Stable Managed Fund	0.2%	0.3%
Actuarial Assumptions:		
Discount Rate	8.00%	9.38%
Rate of return on plan assets	8.00%	8.70%
Retirement Age	60 Years	60 Years

	(₹)	
	Year ended 31.03.2015	Year ended 31.03.2014
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Salary escalation	5.0%	5.0%
Estimate of amount of contribution in the immediate next year	26,601,814	15,145,239

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

	(₹)				
	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Present value of defined benefit obligation	170,753,756	117,761,920	101,159,121	84,852,507	91,571,625
Fair value of plan assets	169,149,759	118,222,154	98,329,181	82,668,394	92,154,761
Surplus / (deficit)	(1,603,997)	460,234	(2,829,940)	(2,184,113)	583,136
Experience adjustments on plan liabilities - (gain)/losses	43,422,944	22,425,918	(450,281)	625,583	1,356,633
Experience adjustments on plan assets - (losses)/gain	15,785,228	(1,176,894)	(37,692)	(429,217)	(188,374)

32: Segment reporting

The Company prepares consolidated financial statements, hence as per Accounting Standard 17 on Segment Reporting, segment information has not been provided in the standalone financial statements.

33: Related party disclosure

i) Details of related parties :

Description of relationship

a) Wholly owned Subsidiaries (WOS)

Names of related parties

Sonata Information Technology Limited, India

Sonata North America Inc., USA

Sonata Software GmbH, Germany

Sonata Europe Limited, UK

Sonata Software FZ LLC, Dubai

Sonata Software Qatar LLC, Qatar

Sonata Technology Solutions Limited, India (Dissolved on 18.06.2014)

(b) Subsidiary

Rezopia Inc, USA (subsidiary of Sonata Software North America Inc. w.e.f 22.08.2014)

(c) Key Management Personnel (KMP)

P Srikar Reddy, Managing Director & Chief Executive Officer

ii) Transactions with related parties :

(₹)

Particulars	WOS and Subsidiary		KMP	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Rendering of services				
Sonata Software North America Inc., USA	2,126,672,704	1,570,295,763		
Sonata Software GmbH, Germany	-	696,773		
Sonata Europe Limited, UK	220,025,699	69,259,861		
Sonata Software FZ-LLC, Dubai	50,629,564	106,902,302		
Sonata Software (Qatar) LLC, Qatar	940,212	-		
Rezopia Inc, USA	50,294,852	-		
Sonata Information Technology Limited, India	149,937,951	-		
Software license fees paid				
Sonata Information Technology Limited, India	19,122,078	23,454,567		
Deputation cost/Service charges recovered				
Sonata Information Technology Limited, India	35,469,426	301,019,641		
Reimbursement of expenses				
Sonata Information Technology Limited, India	6,865,947	11,321,230		
Sonata Software North America Inc., USA	1,561,145	3,523,388		
Sonata Software GmbH, Germany	-	1,729,829		
Sonata Software FZ-LLC, Dubai	301,941	1,410,552		

(₹)

Particulars	WOS and Subsidiary		KMP	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Sonata Europe Limited, UK	6,224,081	9,104,961		
Inter corporate deposits given				
Sonata Information Technology Limited, India (Refer note (i) and (ii) below)	3,603,500,000	3,777,000,000		
Inter corporate deposits recovered				
Sonata Information Technology Limited, India	3,603,500,000	4,057,000,000		
Interest on inter corporate deposits received				
Sonata Information Technology Limited, India	18,604,780	25,022,117		
Recovery of rent				
Sonata Information Technology Limited, India	3,472,200	1,495,124		
Dividend received				
Sonata Information Technology Limited, India	57,381,698	50,630,910		
Sonata Software GmbH, Germany	-	24,875,556		
Received on redemption of equity shares				
Sonata Europe Limited, UK	-	58,266,732		
Received on redemption of preference shares				
Sonata Europe Limited, UK	-	277,913,268		
Guarantees given on behalf of subsidiary				
Sonata Information Technology Limited, India	625,000,000	-		
Remuneration				
P Srikar Reddy, Managing Director & Chief Executive Officer			30,438,932	25,603,129
Commission				
P Srikar Reddy, Managing Director & Chief Executive Officer			6,684,834	3,888,345

(₹)

Particulars	WOS and Subsidiary		KMP	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Balances outstanding at the end of the year				
Trade receivables				
Sonata Software North America Inc., USA	475,538,530	258,569,083		
Sonata Europe Limited, UK	32,958,597	28,586,016		
Sonata Software FZ-LLC, Dubai	39,981,905	21,235,751		
Rezopia Inc.	29,335,499	-		
Advances recoverable				
Sonata Europe Limited, UK	2,135,040	-		
Sonata Software North America Inc., USA	765,184	4,351,941		
Sonata Software GmbH, Germany	-	430,280		
Sonata Software (Qatar) LLC, Qatar	-	2,045,978		
Sonata Information Technology Limited, India	1,491,658	-		
Trade payables				
Sonata Information Technology Limited, India	-	9,823,657		
Sonata Software North America Inc., USA	3,387,801	4,458,764		
Sonata Europe Limited, UK	-	9,104,961		
Sonata Software FZ-LLC, Dubai	-	92,116		
Remuneration payable				
P Srikar Reddy, Managing Director & Chief Executive Officer			10,000,000	9,000,000
Commission payable				
P Srikar Reddy, Managing Director & Chief Executive Officer			6,684,834	3,888,345
Guarantees given on behalf of Subsidiary				
Sonata Information Technology Limited, India (Refer Note 23 a)	675,000,000	50,000,000		

Notes :

- (i) Maximum balance outstanding during the year is ₹ 973,500,000 (for the year ended 31.03.2014 ₹ 860,000,000)
- (ii) These inter corporate deposits were given for business purposes.

34 : Details of leasing arrangements

- i. The Company has entered into various operating lease agreements for office premises, residential premises, guest houses and certain assets. These leases are cancellable as well as non-cancellable and are for a period of 11 months to 180 months and may be renewed based on mutual agreement of the parties.

- ii. The total of future minimum lease payments on non-cancellable operating leases are as below :

	31.03.2015	31.03.2014
Not later than one year	27,939,838	25,745,597
Later than one year and not later than 5 years	43,793,244	26,956,681
Later than 5 years	-	-

- iii. The Company has subleased a portion of its leased premises cancellable at the option of either parties.
iv. The lease payments recognised in the statement of Profit and Loss are as under :

	31.03.2015	31.03.2014
Included in rent	171,193,306	133,496,824
Less : Sub-lease payment received	3,472,220	1,495,124
Net rent expenses (Refer Note 21)	167,721,086	132,001,700

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

35 : Earnings Per Share

Particulars	31.03.2015	31.03.2014
Profit attributable to equity shareholders	1,174,697,787	538,419,741
Weighted average number of Equity Shares of ₹ 1/- each	105,159,306	105,159,306
Earnings Per Share - Basic and Diluted	11.17	5.12

- 36: There is no amount due and outstanding as at Balance Sheet date to be credited to the Investor Education and Protection Fund.

37: Expenditure on corporate social responsibility activities

- i. Gross amount required to be spent by the company during the year ₹ 6,762,318/-.
ii. Amount spent during the year on:

	In cash	Yet to be paid in cash	Total
1. Construction/ acquisition of any asset	-	-	-
2. On purposes other than (1) above	6,422,022	-	6,422,022

- 38: Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

PRADIP P SHAH
Chairman

S B GHIA
Director

B K SYNGAL
Director

For and on behalf of the Board of Directors

P SRIKAR REDDY
Managing Director
& CEO

VIREN RAHEJA
Director

RADHIKA RAJAN
Director

M D DALAL
Executive
Vice Chairman

S N TALWAR
Director

R SATHYANARAYANA
AVP - Finance
& Accounts

PRIYA MANOJ JASWANI
Company Secretary

Place : Mumbai
Date: 19th May 2015

Independent Auditors' Report

TO THE MEMBERS OF SONATA SOFTWARE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated financial statements of Sonata Software Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; 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 Board of Directors of the Holding Company.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated

financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the 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 31st March, 2015, their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

We did not audit the financial statements of 4 subsidiaries whose financial statements reflect total assets of ₹ 532,064,828/- as at 31st March, 2015, total revenues of ₹ 510,979,187/- and net cash flow amounting to ₹ 20,169,004/- 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 relate to the amounts and disclosure included in respect of these subsidiaries and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of other auditors and financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary company incorporated in India, we give in the

Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company and its subsidiary company incorporated in India as on 31st March, 2015 taken on record by the Board of Directors of the respective entities, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.

(f) 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:

i. The Group has disclosed the impact of pending litigations on the consolidated financial position of the Group - Refer Note 27(b) to (e) to the consolidated financial statements.

ii. The group did not have any material foreseeable losses on long-term contracts including derivative contracts.

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

b) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the subsidiary company, incorporated in India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Place: Mumbai
Date: 19th May, 2015

V. Srikumar
Partner
(Membership No. 84494)

Annexure to the Independent Auditors' Report on the Consolidated Financial Statements

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Our reporting on the Order includes one subsidiary company incorporated in India, to which the Order is applicable, which have been audited by us and our report in respect of this entity is based on such report, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

- (i) In respect of its fixed assets of the Holding Company and its subsidiary company incorporated in India:
 - (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management of the respective entities in accordance with a regular programme of physical verification which, in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of inventory of the Holding Company and Subsidiary Company incorporated in India:
 - (a) As explained to us, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the respective entities have maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Holding Company and its subsidiary company incorporated in India have not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act by their respective entities.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that most of the items purchased are of a special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system in the Holding Company and its subsidiary company incorporated in India commensurate with the size of their respective entities and the nature of their business with regard to purchases of inventory, fixed assets and for the sale of goods and services. During the course of our audit, no major weakness in such internal control system has been observed.

- (v) In our opinion and according to the information and explanation given to us, the Holding Company and its Subsidiary Company incorporated in India have not accepted deposits during the year and do not have any unclaimed deposits. Therefore, the provision of the clause 3(v) of the Order are not applicable to the Holding Company and its Subsidiary Company incorporated in India.
- (vi) The provisions of clause 3(vi) of the Order are not applicable to the Holding Company and its Subsidiary Company incorporated in India as the respective entities are not covered by the Companies (Cost Records and Audit) Rules, 2014.
- (vii) According to the information and explanations given to us, in respect of statutory dues of the Holding Company and its subsidiary company incorporated in India:
 - (a) The respective entities have generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.
 - (b) There were no undisputed amount payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax, Cess which have not been deposited as on 31st March, 2015 on account of disputes by the aforesaid entities are given below:

Nature of Dues	Forum where Dispute is Pending	Aggregate Amount involved (₹)
Withholding Tax and Interest thereon	Supreme Court	489,927,543
Income Tax and Interest thereon	Income tax Appellate Tribunal	173,112,370
Income- tax and interest thereon	Commissioner of Income Tax (Appeals)	521,058,831
Service Tax, Penalty and Interest there on	Central Excise and Service Tax Appellate Tribunal	89,006,019
Sales Tax	The Joint Commissioner of Commercial Taxes (Appeals), Bangalore	147,008

- (d) i. The Holding Company has been regular in transferring amounts to the Investor Education and Protection Fund;
- ii. There was no amount which was required to be transferred by the subsidiary company to the Investor Education and Protection Fund;
- in accordance with the relevant provisions of the Companies Act, 1956 and Rules made thereunder within time.
- (viii) The Group does not have accumulated losses. The Group has not incurred cash losses on a consolidated basis during the current financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Group has not defaulted in the repayment of dues to banks or financial institutions. There are no borrowings from debenture holders.
- (x) According to the information and explanations given to us, the Holding Company and its subsidiary company incorporated in India have not given any guarantees during the year for loans taken by others from banks or financial institutions.
- (xi) According to the information and explanations given to us, the Holding Company and its subsidiary company incorporated in India did not avail any term loan during the year.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Holding Company and its subsidiary company incorporated in India and no fraud on the Holding Company and its subsidiary company incorporated in India have been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Place: Mumbai
Date: 19th May, 2015

V. Srikumar
Partner
(Membership No. 84494)

Consolidated Balance Sheet

As at 31st March 2015

(₹)

	Note No.	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Share capital	3	105,159,306	105,159,306
Reserves and surplus	4	4,179,147,139	3,638,794,171
		4,284,306,445	3,743,953,477
MINORITY INTEREST		-	104,793
NON-CURRENT LIABILITIES			
Other long-term liabilities	5	19,635,352	7,399,934
		19,635,352	7,399,934
CURRENT LIABILITIES			
Short-term borrowings	6	244,247,384	56,947,750
Trade payables	7	2,495,958,894	1,996,384,289
Other current liabilities	8	307,103,533	300,602,618
Short-term provisions	9	735,654,593	484,788,348
		3,782,964,404	2,838,723,005
TOTAL		8,086,906,201	6,590,181,209
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	10 (i)	122,943,275	166,194,031
Intangible assets	10 (ii)	24,777,636	-
Capital work-in-progress		1,937,425	3,110,462
		149,658,336	169,304,493
Goodwill on consolidation		86,468,862	-
Non-current investments	11	30,718	30,718
Deferred tax assets (net)	12	88,740,736	104,044,676
Long-term loans and advances	13	923,766,452	1,017,118,984
Other non-current assets	14	-	328,958,187
		1,248,665,104	1,619,457,058
CURRENT ASSETS			
Current investments	15	638,576,451	576,667,474
Inventories	16	73,331,244	12,078,752
Trade receivables	17	3,107,112,840	2,083,912,256
Cash and cash equivalents	18	2,000,595,721	1,864,753,533
Short-term loans and advances	19	367,039,996	298,664,301
Other current assets	20	651,584,845	134,647,835
		6,838,241,097	4,970,724,151
TOTAL		8,086,906,201	6,590,181,209

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

PRADIP P SHAH
Chairman

For and on behalf of the Board of Directors
P SRIKAR REDDY
Managing Director
& CEO

M D DALAL
Executive
Vice Chairman

V. Sri Kumar
Partner

S B GHIA
Director

VIREN RAHEJA
Director

S N TALWAR
Director

B K SYNGAL
Director

RADHIKA RAJAN
Director

R SATHYANARAYANA
AVP - Finance
& Accounts

PRIYA MANOJ JASWANI
Company Secretary

Place : Mumbai
Date: 19th May 2015

Consolidated Statement of Profit and Loss

For the year ended 31st March 2015

(₹)

	Note No.	For the Year Ended 31.03.2015	For the Year Ended 31.03.2014
REVENUE			
Revenue from operations	21.1	16,821,281,386	15,657,965,170
Other income	21.2	198,747,040	108,202,137
Total revenue		17,020,028,426	15,766,167,307
EXPENSES			
Purchase of stock-in-trade (traded goods)	22	10,238,100,469	10,061,700,964
Changes in inventories of stock-in-trade	23	(61,252,492)	(4,158,575)
Employee benefits expense	24	3,527,194,996	3,108,999,732
Other expenses	25	1,440,881,933	1,496,384,859
Total expenses		15,144,924,906	14,662,926,980
Earnings before exceptional item, interest, tax, depreciation and amortization (EBITDA)		1,875,103,520	1,103,240,327
Finance costs	26	27,580,669	24,348,250
Depreciation and amortization expense	10(iii)	60,714,531	79,637,215
		88,295,200	103,985,465
Profit before exceptional item and tax		1,786,808,320	999,254,862
Less/(Add): Exceptional item (Interest income on income tax refund)		(32,175,916)	(71,512,235)
Profit before tax		1,818,984,236	1,070,767,097
Tax Expense			
Current tax expense		463,174,488	346,244,982
Short provision for tax relating to prior years		1,866,357	13,156,881
Deferred tax		21,129,427	(65,867,875)
Net tax expense		486,170,272	293,533,988
Profit after tax before minority interest		1,332,813,964	777,233,109
Minority interest		4,152,865	435,855
Profit after tax after minority interest		1,336,966,829	777,668,964
Earnings per share - Basic and Diluted (on ₹ 1 per share)	36	12.71	7.40

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

PRADIP P SHAH
Chairman

For and on behalf of the Board of Directors
P SRIKAR REDDY
Managing Director
& CEO

M D DALAL
Executive
Vice Chairman

V. Srikumar
Partner

S S GHIA
Director

VIREN RAHEJA
Director

S N TALWAR
Director

B K SYNGAL
Director

RADHIKA RAJAN
Director

R SATHYANARAYANA
AVP - Finance
& Accounts

Place : Mumbai
Date: 19th May 2015

PRIYA MANOJ JASWANI
Company Secretary

Consolidated Cash Flow Statement

For the year ended 31st March 2015

	For the Year Ended 31.03.2015	For the Year Ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1,818,984,236	1,070,767,097
Adjustments for :		
Depreciation and amortization expense	60,714,531	79,637,215
Finance costs	27,580,669	24,348,250
Provision for doubtful trade receivables	7,542,326	31,836,302
Advances written off	-	7,707,066
Allowance for doubtful advances	-	6,346,135
Provision/ liabilities no longer required written back	(23,474,836)	(19,391,956)
Net (gain)/ loss on sale of current investments	(921,212)	10,289,300
Excess of carrying costs over fair value of current investments	-	907,340
Net loss on fixed assets sold/ scrapped	1,140,937	1,964,940
Interest income from fixed deposits with banks	(99,146,566)	(21,738,903)
Interest income on income tax refund	(32,175,916)	(71,512,235)
Dividend income from current investment	(35,314,948)	(61,752,840)
Unrealized foreign exchange gain (net)	34,154,142	(155,167,334)
Operating profit before working capital changes	1,759,083,363	904,240,377
Adjustments for:		
Decrease/(Increase) in trade receivables	(1,016,233,697)	(663,132,942)
Decrease/(Increase) in inventories	(61,252,492)	(4,158,575)
Decrease/(Increase) in other current assets	16,654,544	(12,242,386)
Decrease/(Increase) in long-term loans and advances	(28,806,613)	(4,462,225)
Decrease/(Increase) in short-term loans and advances	(68,375,695)	(70,067,583)
(Decrease)/Increase in trade payables	416,663,158	500,982,016
(Decrease)/Increase in other current liabilities	1,171,972	188,502,411
(Decrease)/Increase in long term provisions	12,235,418	7,399,934
(Decrease)/Increase in short term provisions	9,517,433	57,654,120
Cash generated from operations	1,040,657,391	904,715,147
Direct taxes/advance tax (paid) /refund (net)	(272,066,938)	364,411,118
Net cash from operating activities (A)	768,590,453	1,269,126,265
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(58,544,828)	(39,434,446)
Proceeds from sale of fixed assets	2,485,333	1,957,670
Proceeds of current investments (net)	(60,987,765)	(370,171,368)
Bank balances not considered as Cash and cash equivalents	(1,138,309,191)	(45,407,792)
Interest received	51,338,980	14,808,508
Dividend received	35,314,948	61,752,840
Acquisition of Subsidiary, net of cash acquired	(81,664,651)	-
Net income tax (paid) / refunds	-	(4,227,931)
Net cash used in investing activities (B)	(1,250,367,174)	(380,722,519)

	For the Year Ended 31.03.2015	For the Year Ended 31.03.2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds / (repayment) from / (of) borrowings (net)	187,299,634	(110,873,750)
Dividend paid on equity shares	(574,995,658)	(234,031,976)
Dividend taxes paid on equity shares	(99,847,090)	(44,513,966)
Finance costs	(25,856,121)	(24,348,250)
Net cash used in financing activities (C)	(513,399,235)	(413,767,942)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(995,175,956)	474,635,804
Opening Cash and cash equivalents (Refer Note 18)	1,767,982,712	1,303,561,541
Exchange difference on translation of foreign currency Cash and cash equivalents	(7,291,047)	(10,214,633)
Closing Cash and cash equivalents (Refer Note 18)	765,515,709	1,767,982,712
Cash and Cash equivalents at the end of the year comprises		
Cheques, drafts on hand	3,928,907	4,203,893
Balance with banks		
In Current accounts	333,048,604	328,971,318
In EEFC accounts	28,538,198	20,207,501
In demand deposits accounts	400,000,000	1,414,600,000
	765,515,709	1,767,982,712

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

PRADIP P SHAH
Chairman

For and on behalf of the Board of Directors
P SRIKAR REDDY
Managing Director
& CEO

M D DALAL
Executive
Vice Chairman

V. Srikumar
Partner

S B GHIA
Director

VIREN RAHEJA
Director

S N TALWAR
Director

B K SYNGAL
Director

RADHIKA RAJAN
Director

R SATHYANARAYANA
AVP - Finance
& Accounts

Place : Mumbai
Date: 19th May 2015

PRIYA MANOJ JASWANI
Company Secretary

Consolidated Notes forming part of financial statements

1. Corporate information

The Consolidated financials of Sonata Software Limited is made up of the Sonata Software Limited ("Sonata" or the "Company") together with its subsidiaries Sonata Information Technology Limited, Sonata Software North America Inc., Sonata Software GmbH, Sonata Europe Limited, Sonata Software FZ-LLC, Sonata Software (Qatar) LLC and Rezopia Inc. Sonata has its registered office at Mumbai, India and operationally headquartered at Bangalore, India. Sonata is listed on The National Stock Exchange Limited and The Bombay Stock Exchange Limited. The Company is engaged in the business of providing Information Technology Solutions and software development services to its customers. Material subsidiaries of the Company are:

- Sonata Information Technology Limited, in India through which it delivers both software development and consulting services and also re-selling of product licenses of leading international software companies such as Microsoft, IBM, Oracle etc.; and
- Sonata Software North America Inc., in USA through which it delivers software development and consulting services to its clients in North America.

2. Significant accounting policies

a. Basis of accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

b. Principles of consolidation

The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation of consolidated financial statements as laid down under AS 21 – Consolidated Financial Statements. The consolidated financial statements are prepared by applying uniform accounting policies in use at the Group.

The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses after eliminating intra-group balances, intragroup transactions and unrealized profits or losses. The amount shown in respect of reserves comprises the amount of the relevant reserves as per the balance sheet of the Company and its share in the post-acquisition change in the relevant reserve of subsidiaries.

Minority interest represents the amount of equity attributable to the minority shareholders at the dates on which investment in a subsidiary is made by the Company and its share of movements in the equity subsequent to the dates of investments as stated above.

The excess of cost to the Company of its investments in the subsidiary companies over its share of the equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognized as goodwill, being an asset in the consolidated financial statements. On the other hand, where the share of the equity in the subsidiary companies as on the date of investment is in excess of cost of investment of the Company, it is recognized as 'Capital reserve' and shown under the head 'Reserves and surplus' in the consolidated financial statements.

Information on subsidiary companies

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 31.03.2015	% of Ownership held As on 31.03.2014
Sonata Information Technology Limited	India	100%	100%
Sonata Software North America Inc.	USA	100%	100%
Sonata Europe Limited	UK	100%	100%
Sonata Software GmbH	Germany	100%	100%
Sonata Software FZ-LLC	UAE	100%	100%
Sonata Software (Qatar) LLC Refer note 1	Qatar	49%	49%
Sonata Technology Solutions India Ltd (upto 18.06.2014)	India	-	100%
Rezopia Inc. (w.e.f 22.08.2014)	USA	60%	-

Note

1: 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.

2: All the foreign subsidiaries are integral foreign operations.

Figures pertaining to the subsidiary companies have been regrouped / reclassified wherever necessary to bring them in line with the Company's financial statements.

c. Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to

make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the consolidated financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

d. Inventories

Inventories are valued at lower of cost (weighted average) and the net realizable value.

e. Depreciation / Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Company and its Indian Subsidiaries

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 to the 2013 Act.

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

Intangible assets are amortized over their estimated useful life on straight-line method as follows:

- Computer software- 3 years
- Goodwill acquired on purchase of business- 5 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Foreign Subsidiaries

Depreciation has been provided on all the assets on the straight line method considering 5 years as useful life.

f. Revenue recognition

Revenues from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenues from fixed price contracts are 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.

Revenues from sale of software licenses are recognised on transfer of significant risks and rewards of ownership to the buyers, which generally coincides with delivery where there is no customisation required. In case of customisation, the same is recognised over the life of the contract using the proportionate completion method, with contract cost determining the degree of completion. Foreseeable losses on such contracts are recognised when probable.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Revenues are reported net of discounts.

Dividend income is recognised when the right to receive it is established. Interest income is accounted on accrual basis.

g. Fixed Assets (Tangible/Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure if any on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

h. Foreign currency transactions

Initial recognition

Company: Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Integral foreign operations: Transactions in foreign currencies entered into by the Company's integral foreign operations are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the Balance Sheet date

Company: Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Integral foreign operations: Foreign currency monetary items (other than derivative contracts) of the Company's integral foreign operations outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company's integral foreign operations are carried at historical cost.

Treatment of exchange differences

Company: Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated Statement of Profit and Loss.

Integral foreign operations: Exchange differences arising on settlement / restatement of foreign currency monetary assets and liabilities of the Company's integral foreign operations are recognised as income or expense in the Consolidated Statement of Profit and Loss.

Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are

amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Exchange difference on such contracts are recognised in the Consolidated Statement of Profit and Loss of the reporting period in which the exchange rate changes. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

On consolidation, in case of integral operations, assets and liabilities (other than non-monetary items) are translated at the exchange rate prevailing on the balance sheet date. Non-monetary items are carried at historical cost. In case of non-integral operations, assets and liabilities (both monetary and non-monetary items) are translated at the exchange rate prevailing on the Balance Sheet date. Revenue and expenses are translated at yearly average exchange rates prevailing during the year in case the holding subsidiary relationship was in existence on the first day of the fiscal year. In case of subsidiaries formed or acquired during the year, the average exchange rate prevailing during the period since the holding subsidiary relationship came into existence is taken. Exchange differences arising out of these transactions are included under Exchange Loss/ Gain and charged to the Consolidated Statement of Profit and Loss in case of "Integral operations".

i. Investments

Long-term investments are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

j. Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity and compensated absences.

Defined contribution plans

The Group's contribution to provident fund, superannuation fund and employee state insurance are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made as and when services are rendered by the employees.

Defined benefit plan

For defined benefit plan in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognized in the Consolidated Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost,

plus the present value of available refunds and reductions in future contributions to the schemes.

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.

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.

k. Segment

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

Revenue, expense, assets and liabilities which relate to the group as a whole and are not allocable to segment on reasonable basis have been included under unallocated revenue/expenses/assets/liabilities.

l. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

m. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of computing diluted earnings per share, profit / (loss) after tax (including the post tax effect of extraordinary items, if any) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

n. Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there is unabsorbed depreciation and carry forward of losses, deferred tax assets are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realize the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realizability.

Current and deferred tax relating to items directly recognized in reserves are recognised in reserves and not in the Consolidated Statement of Profit and Loss.

o. Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Consolidated Statement of Profit and Loss.

p. Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognized in the Consolidated financial statements.

q. Hedge accounting

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments / highly probable forecast transactions. The Group designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognized directly in "Hedging reserve" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognized immediately in the Consolidated Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve" are reclassified to the Consolidated Statement of Profit and Loss in the same periods during which the committed/ forecasted transaction affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For committed/ forecasted transaction, any cumulative gain or loss on the hedging instrument recognized in "Hedging reserve" is retained until the committed/ forecasted transaction occurs. If the committed/ forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in "Hedging reserve" is immediately transferred to the Consolidated Statement of Profit and Loss.

r. Operating Cycle

Based on nature of product/ activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3 : Share capital

	As at 31.03.2015	As at 31.03.2014
Authorized		
150,000,000 equity shares of face value ₹ 1/- each	150,000,000	150,000,000
(As at 31.03.2014 : 150,000,000 equity shares of face value ₹ 1/- each)		
Issued, subscribed and paid-up		
105,159,306 equity shares of face value ₹ 1/- each fully paid-up	105,159,306	105,159,306
(As at 31.03.2014 : 105,159,306 equity shares of face value ₹ 1/- each)		
Total	105,159,306	105,159,306

Refer notes (i) to (iii) below

Notes :

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

	Opening balance	Fresh issue/ Other changes	Closing balance
Equity shares with voting rights			
Year ended 31st March 2015			
Number of shares	105,159,306	-	105,159,306
Amount in ₹	105,159,306	-	105,159,306
Equity shares with voting rights			
Year ended 31st March 2014			
Number of shares	105,159,306	-	105,159,306
Amount in ₹	105,159,306	-	105,159,306

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

The Company has equity shares having a par value of ₹ 1. Each shareholder 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 1956 Act/the 2013 Act, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

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

	As at 31.03.2015		As at 31.03.2014	
	No. of shares	% of holding	No. of shares	% of holding
Hemendra M Kothari	10,660,026	10.14	9,050,000	8.61
Akshay Raheja	8,250,000	7.85	8,250,000	7.85
Viren Raheja	8,250,000	7.85	8,250,000	7.85
Suman Raheja	6,900,000	6.56	6,900,000	6.56

4 : Reserves and surplus

	As at 31.03.2015	As at 31.03.2014
Securities premium	450,924,411	450,924,411
Capital redemption reserve	278,713,890	278,713,890
General reserve		
Opening balance	729,154,246	649,154,246
Add: Transfer from surplus in Statement of Profit and Loss	145,000,000	80,000,000
Closing balance	874,154,246	729,154,246

(₹)

	As at 31.03.2015	As at 31.03.2014
Hedging reserve		
Opening balance	3,356,069	(11,274,506)
Add: Effect of foreign exchange rate variation on hedging instruments outstanding at the end of the year	99,368,487	3,356,069
Less: Transferred to Statement of Profit and Loss	3,356,069	(11,274,506)
Closing balance	99,368,487	3,356,069
Surplus in Statement of Profit and Loss		
Opening balance	2,176,645,555	1,944,645,691
Less: Depreciation on transition to Schedule II of the 2013 Act on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note 10(v))	11,451,604	-
Add: Profit for the year	1,336,966,829	777,668,964
Less:		
Proposed dividend (Dividend proposed to be distributed to equity share holders ₹ 4.25/share) (Previous year ₹ 2.75/- equity share)	446,927,051	289,188,092
Interim dividend (Interim dividend is distributed to equity share holders ₹ 2.75/share) (Previous year ₹ 1/- equity share)	289,188,092	105,159,306
Tax on proposed dividend	90,985,409	49,147,516
Tax on interim dividend	54,074,123	22,174,186
Transfer to general reserve	145,000,000	80,000,000
Closing balance	2,475,986,105	2,176,645,555
Total	4,179,147,139	3,638,794,171

5 : Other long-term liabilities

	As at 31.03.2015	As at 31.03.2014
Provision for rent equalization	19,635,352	7,399,934
Total	19,635,352	7,399,934

6 : Short-term borrowings

	As at 31.03.2015	As at 31.03.2014
Loans repayable on demand		
From bank - Secured (Refer Note i below)	53,167,167	56,947,750
Term Loan		
From other than bank - Unsecured (Refer Note ii below)	191,080,217	-
Notes:		
i) As at 31.03.2015 : Secured by lien of fixed deposits (As at 31.03.2014 : Secured by pari passu first charge on all the current assets of the Company both present and future including stocks, book debts and other current assets wherever located)		
ii) Loan is due for payment in August 2015.		
Total	244,247,384	56,947,750

7 : Trade payables

	As at 31.03.2015	As at 31.03.2014
Trade payables - other than acceptances	2,495,958,894	1,996,384,289
Total	2,495,958,894	1,996,384,289

8 : Other current liabilities

	As at 31.03.2015	As at 31.03.2014
Interest accrued but not due on borrowings	1,724,548	-
Income received in advance (Unearned revenue)	21,654,573	3,587,833
Gratuity (Refer Note 30)	2,503,969	-
Unpaid dividend	13,287,534	9,907,008
Other payables		
Statutory remittances	237,064,628	254,896,094
Payable on purchase of fixed assets	6,001,286	2,332,944
Advances from customers	15,113,456	18,244,202
Other liabilities	9,753,539	11,634,537
Total	307,103,533	300,602,618

9 : Short-term provisions

	As at 31.03.2015	As at 31.03.2014
Provision for employee benefits		
Compensated absences	89,795,055	80,087,470
Gratuity (Refer Note 30)	704,125	894,277
Others		
Provision for tax (net of advance tax - ₹ 756,356,577/- (as at 31.03.2014 - ₹ 420,483,357/-) and net of MAT credit - ₹ 52,599,998/- (as at 31.03.2014 - ₹ 71,077,230))	103,868,403	65,470,993
Provision for proposed equity dividend	446,927,051	289,188,092
Provision for tax on proposed dividends	94,359,959	49,147,516
Total	735,654,593	484,788,348

10 : FIXED ASSETS

10(i) Tangible assets

Particulars*	Gross block					Accumulated depreciation				Net block		
	Cost as at 01.04.2014	Additions	Acquisitions through business combinations	Deductions / adjustments	Cost as at 31.03.2015	Upto 31.03.2014	For the year	Deductions / adjustments	Transition adjustment recorded against Surplus in Statement of Profit & Loss	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Leasehold land	35,200,000	-	-	-	35,200,000	5,475,942	1,076,317	-	-	6,552,259	28,647,741	29,724,058
	(35,200,000)	(-)	(-)	(-)	(35,200,000)	(4,399,626)	(1,076,316)	(-)	(-)	(5,475,942)	(29,724,058)	
Buildings	15,493,000	-	-	-	15,493,000	3,472,543	245,217	-	-	3,717,760	11,775,240	12,020,457
	(15,493,000)	(-)	(-)	(-)	(15,493,000)	(3,220,007)	(252,536)	(-)	(-)	(3,472,543)	(12,020,457)	
Leasehold improvements	230,578,543	478,577	-	524,375	230,532,745	205,125,865	13,745,285	524,372	-	218,346,778	12,185,967	25,452,678
	(232,117,132)	(469,889)	(-)	(2,008,478)	(230,578,543)	(174,184,586)	(32,949,756)	(2,008,477)	(-)	(205,125,865)	(25,452,678)	
Plant and equipment	327,412,439	14,672,567	1,075,217	10,831,999	332,328,224	295,280,488	15,249,405	10,381,863	2,518,806	302,666,836	29,661,388	32,131,951
	(337,209,267)	(16,925,933)	(-)	(26,722,761)	(327,412,439)	(288,989,713)	(32,230,417)	(25,939,642)	(-)	(295,280,488)	(32,131,951)	
Furniture and fixtures	110,995,529	5,869,092	1,500,507	8,419,730	109,945,398	86,033,395	8,008,807	6,124,230	150,846	88,068,018	21,876,580	24,962,134
	(104,018,121)	(10,046,631)	(-)	(3,069,223)	(110,995,529)	(82,848,821)	(5,584,616)	(2,400,042)	(-)	(86,033,395)	(24,962,134)	
Vehicles	4,952,656	1,329,482	-	516,386	5,765,752	3,341,354	659,603	414,831	-	3,586,126	2,179,626	1,611,302
	(9,431,786)	(649,234)	(-)	(5,128,364)	(4,952,656)	(6,739,888)	(475,920)	(3,874,454)	(-)	(3,341,354)	(1,611,302)	
Office equipments	108,717,696	9,476,200	1,104,653	11,015,124	108,283,425	68,426,245	18,316,020	9,683,012	14,607,439	91,666,692	16,616,733	40,291,451
	(107,731,651)	(5,312,147)	(-)	(4,326,102)	(108,717,696)	(64,611,548)	(6,916,616)	(3,101,919)	(-)	(68,426,245)	(40,291,451)	
Total	833,349,863	31,825,918	3,680,377	31,307,614	837,548,544	667,155,832	57,390,654	27,128,308	17,277,091	714,605,269	122,943,275	166,194,031
	(841,200,957)	(33,403,834)	(-)	(41,254,928)	(833,349,863)	(624,994,189)	(79,486,177)	(37,324,534)	(-)	(667,155,832)	(166,194,031)	

Previous year figures are in brackets

10 (ii) Intangible Assets

(₹)

Particulars *	Gross block				Accumulated amortization					Net block		
	Cost as at 01.04.2014	Additions	Acquisitions through business combinations	Deductions / adjustments	Cost as at 31.03.2015	Upto 31.03.2014	For the year	Deductions / adjustments	Transition adjustment recorded against Surplus in Statement of Profit & Loss	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Computer software - purchased	98,922,274 (113,611,828)	- (-)	- (-)	- (14,689,554)	98,922,274 (98,922,274)	98,922,274 (113,468,574)	- (151,038)	- (14,697,338)	- (-)	98,922,274 (98,922,274)	- -	(-)
Goodwill on purchase of business (Refer note 10(iv))	- (-)	- (-)	28,191,513 (-)	- (-)	28,191,513 (-)	- (-)	3,413,877 (-)	- (-)	- (-)	3,413,877 (-)	24,777,636 (-)	(-)
Total	98,922,274 (113,611,828)	- (-)	28,191,513 (-)	- (14,689,554)	127,113,787 (98,922,274)	98,922,274 (113,468,574)	3,413,877 (151,038)	- (14,697,338)	- (-)	102,336,151 (98,922,274)	24,777,636 (-)	(-)

Previous year figures are in brackets

* Represents owned unless otherwise stated

10 (iii) Depreciation and amortization expense

(₹)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Depreciation on Tangible assets As per Note No. 10 (i)	57,300,654	79,486,177
Amortization on Intangible assets As per Note No. 10 (ii)	3,413,877	151,038
Total	60,714,531	79,637,215

11 : Non-current investments

(₹)

	As at 31.03.2015	As at 31.03.2014
Non-Trade, Long-term, quoted and at cost		
138 shares of US \$ 0.01 per share of Principal Financial Group Inc. (As at 31.03.2014 : 138 Shares of US \$ 0.01 per share)	30,718	30,718
Total	30,718	30,718

10 (iv) During the year, the Company has acquired software service business of Xyka Software Private Limited, pursuant to a business transfer agreement dated 21.08.2014. The Company has acquired the business by way of slump sale for a consideration in cash. Excess of consideration paid over net assets taken over is treated as goodwill, in accordance with Para 16 of Accounting Standard 10, Accounting of Fixed Assets.

10 (v) During the year, pursuant to the notification of Schedule II to the 2013 Act with effect from 01.04.2014, the Company revised the estimated useful life of its assets to align the useful life with those specified in Schedule II. Further, assets individually costing ₹ 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.

Pursuant to the transition provisions prescribed in Schedule II to the 2013 Act, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on 01.04.2014, and has adjusted an amount of ₹ 11,451,604/- (net of tax) against the opening balance in Surplus in Statement of Profit & Loss under Reserves and surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 12,214,692/- consequent to the change in the useful life of the assets.

12 : Deferred tax assets (net)

(₹)

	As at 31.03.2015	As at 31.03.2014
Tax effects on		
Difference between book balance and tax balance of fixed assets	42,714,905	32,538,920
Others	46,025,831	71,505,756
Total	88,740,736	104,044,676

13 : Long-term loans and advances

	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good unless otherwise stated		
Capital advances	2,894,144	2,652,708
Security deposits	127,716,184	107,416,505
Other deposits	16,491,823	12,075,586
Prepaid expenses	5,287,622	1,271,106
Balances with Government authorities		
Receivable from customs authority	21,891,299	21,891,299
VAT credit receivable, considered doubtful	6,093,874	6,346,135
Less : Provision for doubtful balances	6,093,874	6,346,135
	-	-
Advance tax (net of provision for tax - ₹ 657,011,435/- (as at 31.03.2014 - ₹ 540,145,373/-))	627,404,188	690,782,784
MAT credit entitlement	120,304,832	179,326,817
Other recoverables		
Considered good	1,776,360	1,702,179
Considered doubtful	12,500,000	12,500,000
Less : Allowance for doubtful recoverable	12,500,000	12,500,000
	-	-
Total	923,766,452	1,017,118,984

14 : Other non-current assets

	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good		
Receivable on sale of subsidiary		328,958,187
Total	-	328,958,187

15 : Current investments

	As at 31.03.2015	As at 31.03.2014
Non-trade		
Investments in mutual funds (unquoted)		
At lower of cost and fair value, unless otherwise stated		
Birla Sun Life Short Term Opportunities Fund - Quarterly Dividend	163,796,086	151,885,050
1,558,468.23 units at ₹ 10.51 per unit (As at 31.03.2014 - 1,453,793.33 units at ₹ 10.45 per unit)		

	As at 31.03.2015	As at 31.03.2014
Tata Floater Fund Plan A-Daily Dividend	-	25,108,585
Nil units (As at 31.03.2014 - 25,020.29 units at ₹ 1003.53 per unit)		
Tata Short Term Bond Fund Plan A - Growth	50,000,000	50,000,000
2,154,494.49 units at ₹ 23.21 per unit (As at 31.03.2014 - 2,154,494.49 units at ₹ 23.21 per unit)		
Franklin India Short Term Income Retail Plan - Growth	49,616,327	49,616,327
19,531.59 units at ₹ 2540.31 per unit (As at 31.03.2014 - 19,531.59 units at ₹ 2540.31 per unit)		
HDFC Short Term Plan - Growth	100,000,000	100,000,000
4,125,514.66 units at ₹ 24.24 per unit (As at 31.03.2014 - 4,125,514.66 units at ₹ 24.24 per unit)		
DSP BlackRock Income Opportunities Fund Regular Plan - Growth	50,000,000	50,000,000
2,494,462.29 units at ₹ 20.04 per unit (As at 31.03.2014 - 2,494,462.29 units at ₹ 20.04 per unit)		
Reliance Regular Savings Fund - Debt Plan - Growth Plan Growth Option - SDGP	150,000,000	150,000,000
8,961,214.96 units at ₹ 16.74 per unit (As at 31.03.2014 - 8,961,214.96 units at ₹ 16.74 per unit)		
IDFC Cash Fund- Daily Dividend - (Direct Plan)	25,042,907	-
25,029.43 units at ₹ 1000.54 per unit (As at 31.03.2014 - Nil)		
Tata Money Market Fund Direct Plan - Daily Dividend	30,071,293	-
30,025.69 units at ₹ 1001.52 per unit (As at 31.03.2014 - Nil)		
Reliance Liquid Fund - Cash Plan - Direct Plan Daily Dividend Option - CPAD	20,049,838	-
17,995.64 units at ₹ 1114.15 per unit (As at 31.03.2014 - Nil)		
Infrastructure Development Finance Company Money Manager Fund	-	57,512
- Treasury Plan - Daily Dividend - (Regular Plan)		
Nil units (As at 31.03.2014 - 5,711.26 units at ₹ 10.07 per unit)		
Total	638,576,451	576,667,474
Aggregate cost of unquoted investment	638,576,451	577,574,814

16 : Inventories

(₹)

	As at 31.03.2015	As at 31.03.2014
Stock-in-trade - Hardware/ Software product and licenses	73,331,244	12,078,752
Total	73,331,244	12,078,752

17 : Trade receivables

(₹)

	As at 31.03.2015	As at 31.03.2014
Unsecured		
Trade receivable outstanding for a period exceeding six months from the date they are due for payment		
Considered good	129,894,367	17,685,859
Considered doubtful	27,639,695	86,404,325
	157,534,062	104,090,184
Less : Provision for doubtful trade receivables	27,639,695	86,404,325
	129,894,367	17,685,859
Other trade receivables :		
Considered good	2,977,218,473	2,066,226,397
Considered doubtful		2,188,459
	2,977,218,473	2,068,414,856
Less : Provision for doubtful trade receivables		2,188,459
	2,977,218,473	2,066,226,397
Total	3,107,112,840	2,083,912,256

18 : Cash and cash equivalents

(₹)

	As at 31.03.2015	As at 31.03.2014
Cheques, drafts on hand	3,928,907	4,203,893
Balances with banks		
In current accounts	333,048,604	328,971,318
In EEFC accounts	28,538,198	20,207,501
In demand deposit accounts	400,000,000	1,414,600,000
In earmarked accounts		
Balance held as margin money	1,221,792,478	86,863,813
Unpaid dividend account	13,287,534	9,907,008
The balance that meet the definition of Cash and cash equivalents as per AS-3 Cash flow Statements is ₹ 765,515,709 (As at 31.03.2014 ₹ 1,767,982,712)		
Total	2,000,595,721	1,864,753,533

19 : Short-term loans and advances

(₹)

	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good		
Security deposits	3,739,945	6,093,075
Other deposits	6,600,802	4,396,830
Gratuity (Refer Note 30)	-	1,319,626
Loans and advances to employees	5,525,847	5,237,874
Prepaid expenses	27,907,534	54,025,997
Balances with government authorities		
VAT credit receivable	38,811,749	10,875,314
Service tax credit receivable	232,172,994	131,955,485
Receivable from service tax authority	10,982,527	51,602,638
Other recoverables	41,298,598	33,157,462
Total	367,039,996	298,664,301

20 : Other current assets

(₹)

	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good		
Unbilled revenue	169,135,826	121,471,019
Interest accrued on bank deposits	57,628,333	9,820,747
Unrelised gain on forward contracts	156,057,958	3,356,069
Receivable on sale of subsidiary	268,762,728	-
Total	651,584,845	134,647,835

21.1 : Revenue from operations

(₹)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Revenue from hardware/ software product and licenses	10,688,063,608	10,561,292,434
Revenue from software services	6,117,050,441	5,084,602,055
Other operating revenues	16,167,337	12,070,681
Total	16,821,281,386	15,657,965,170

21.2 : Other income

	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest income from fixed deposits with banks	99,146,566	21,738,903
Dividend income from current investments	35,314,948	61,752,840
Net gain on sale of current investments	921,212	-
Net gain on foreign currency transaction and translation	33,451,505	-
Other non-operating income		
Provisions/liabilities no longer required written back	23,474,836	19,391,956
Miscellaneous income	6,437,973	5,318,438
Total	198,747,040	108,202,137

22 : Purchase of stock-in-trade (traded goods)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Purchase of traded items	10,238,100,469	10,061,700,964
Total	10,238,100,469	10,061,700,964

23 : Changes in inventories of stock-in-trade

	For the year ended 31.03.2015	For the year ended 31.03.2014
Opening Stock		
Stock-in-trade - Hardware/ Software product and licenses	12,078,752	7,920,177
	12,078,752	7,920,177
Closing Stock		
Stock-in-trade - Hardware/ Software product and licenses	73,331,244	12,078,752
	73,331,244	12,078,752
(Increase) / decrease in inventories	(61,252,492)	(4,158,575)

24 : Employee benefits expense

	For the year ended 31.03.2015	For the year ended 31.03.2014
Salaries, wages, bonus and allowances	3,238,948,908	2,889,216,901
Contribution to provident fund and other funds (Refer Note 30)	165,722,995	112,608,384
Gratuity (Unfunded) (Refer Note 30)	1,484,625	2,850,133
Staff welfare expenses	121,038,468	104,324,314
Total	3,527,194,996	3,108,999,732

25 : Other expenses

	For the year ended 31.03.2015	For the year ended 31.03.2014
Power and Fuel	54,646,018	54,990,189
Rent (Refer Note 33)	210,563,842	169,080,448
Repairs and maintenance - Buildings	2,986,474	2,456,155
Repairs and maintenance - Machinery	10,665,610	8,697,809
Insurance	31,076,170	20,855,517
Rates and taxes	28,327,293	26,603,030
Communication cost	54,626,633	52,503,716
Facility maintenance	50,158,644	45,218,343
Travelling and conveyance expenses	292,781,431	308,268,387
Professional and technical fees	115,493,332	102,535,714
Legal fees	7,639,146	8,654,923
Insourcing professional fees	333,077,206	419,974,191
Net loss on foreign currency transaction and translation	-	45,784,602
Net loss on fixed assets sold / scrapped	1,140,937	1,964,940
Excess of carrying costs over fair value of current investments	-	907,340
Net loss on sale of current investments	-	10,289,300
Expenditure on corporate social responsibility	6,422,022	-
Bad trade receivables written off	60,080,630	-
Less : Provisions released	68,495,415	-
	(8,414,785)	-
Provision for doubtful trade receivables	7,542,326	31,836,302
Provision for doubtful advances	-	6,346,135
Advances written off	-	7,707,066
Software licence fees	32,879,556	933,991
Payment to auditors (Refer Note below)	11,181,159	10,697,719
Miscellaneous expenses	198,088,919	160,079,042
	1,440,881,933	1,496,384,859
Note - Payment to auditors comprises (net of service tax input credit):		
Remuneration to statutory auditors for audit of Company and its subsidiaries	6,700,000	5,100,000
Remuneration to other auditors for subsidiaries	2,980,682	4,615,780
Remuneration to statutory auditors for other services	1,045,000	750,000
Reimbursement of expenses	455,477	231,939
	11,181,159	10,697,719
The Company avails input credit for Service Tax and hence no service tax expense was accrued during the year		

26 : Finance costs

	(₹)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest expenses on:		
Borrowings	16,397,415	3,651,949
Others	540,075	27,979
Other borrowing costs	10,643,179	20,668,322
Total	27,580,669	24,348,250

27 : Contingent liabilities

	(₹)	
	As at 31.03.2015	As at 31.03.2014
a) Guarantees	675,000,000	50,000,000
The Company has given corporate guarantees to certain suppliers of Sonata Information Technology Limited (SITL), its wholly owned subsidiary, on behalf of SITL, amount drawn down as at year end against this facility is ₹Nil (as at 31.03.2014 is ₹Nil)		
b) Claims against the Company not acknowledged as debt	22,863,099	22,863,099
The Company had received a legal notice from its ex-employee towards compensation arising on account of terms of appointment. Based on legal opinion received by the Company, the maximum amount payable in the event the proceeding goes against the Company is ₹ 22,863,099.		
c) Disputed demand of Service tax	67,653,029	67,653,029
The Company renders Information Technology related services to some of its clients in India. The Service Tax department had classified these services as 'Manpower Recruitment or Supply Agency Services'. The Company had contested this re-classification and had preferred an appeal before the Central Excise and Service Tax Appellate Tribunal (CESTAT).		

	(₹)	
	As at 31.03.2015	As at 31.03.2014
One of the clients of the Company had indemnified the Company for any demands that may arise on account of service tax liability up to an amount of ₹ 23,700,000. The amount included as disputed demand is excluding the amount indemnified by the client.		
The demand for payment of service tax on repair service relating to software is based on Board circular of the department issued with retrospective effect. The Company had filed appeal before Customs, Excise and Service Tax Appellate Tribunal (CESTAT) and had got stay on recovery until disposal of appeal. It is confident of getting favorable outcome based on legal precedents which supports its stand	21,352,990	21,352,990
d) Disputed demands of Karnataka Sales Tax	294,017	294,017
e) Disputed demands of Income-tax	4,620,356,040	3,911,494,157

Details of disputed demands of Income-tax by issue and by year are as below:

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

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

The Income-tax department in its assessments has been denying or limiting the benefits of Section 10A of the Act to the multiple undertakings of the Company on the ground that they were in fact one single unit and thus the benefits claimed were in excess of permissible limits, and had raised a demand of ₹720,298,198 (As at 31.03.14 - ₹720,298,198) for financial year 2006-07, 2007-08, 2008-09 and 2009-10.

₹Nil (As at 31.03.2014- ₹236,805,408) for the financial year 2005-06. The Commissioner of Income Tax (Appeals) had given a favorable order against which the department had filed an appeal before Income Tax Appellate Tribunal (ITAT). Income Tax Appellate Tribunal has dismissed the appeal during the current year.

For the financial year 2006-07, the Commissioner of Income Tax (Appeals) had given a favorable order against which the department had filed an appeal before Income Tax Appellate Tribunal. For the financial year 2007-08, 2008-09 and 2009-10, the Company has challenged the decision of Assessing Officer and has preferred appeals to the Commissioner of Income-Tax (Appeals).

For the financial year 2001-02, Income Tax Appellate Tribunal had given a favorable order on the ground of income accrued under Section 10A of the Act against which the department had filed an appeal before the High Court of Mumbai ₹ 14,863,703 (As at 31.03.14-₹14,863,703).

(ii) Inter-unit set-off of losses

As discussed in point (i) above, the Company operates multiple operating units and undertakings under the Software Technology Park Scheme of India. While computing its taxable profits, losses from one undertaking were set off against profits of another or carried forward to the subsequent years. The Income-tax department had disallowed such carry forward of losses. The Company received favorable orders from ITAT and the department had preferred an appeal before the Mumbai High Court which is yet to be admitted for financial years 2004-05 and hence there is no contingent liability.

₹12,321,813 (As at 31.03.14 ₹ 7,770,960) for the financial year 2002-03 and 2003-04. The Company has preferred appeals before ITAT.

(iii) Disallowance of Inter-Company Service Charges and costs for deputation of personnel

The Company charges Sonata Information Technology Limited, its wholly owned subsidiary, for certain support services rendered. During assessments, the Income-tax department denied Section 10A of the Act benefits on such support services and assessed the same as normal business income and raised demand of ₹233,708,329 (As at 31.03.14 - ₹ 138,367,875) for financial years 2001-02, 2002-03, 2003-04 and 2004-05. The Company had received favorable orders from Income Tax Appellate Tribunal. However, the department preferred an appeal on the said orders before the Honorable High Court of Mumbai.

₹11,635,577 (As at 31.03.14-₹Nil) for the financial year 2010-11. The Company has filed an appeal before the Commissioner of Income Tax (Appeals) during the current year.

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. ₹402,964,082 (As at 31.03.2014 - ₹ 319,683,404) for the financial years 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08. The Company has received favorable orders from the Income Tax Appellate Tribunal. The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.
- ii. ₹ 212,999,547 (As at 31.03.2014 - ₹ 111,904,892) for the financial year 2010-11 and 2011-12. The Company has preferred an appeal to the Commissioner of Income-tax (Appeals).

- iii. ₹ Nil (As at 31.03.2014 - ₹98,468,823) for the financial year 2008-09. During the year, the Company has received favorable orders from the Income Tax Appellate Tribunal.

- iv. ₹ 91,884,882 (As at 31.03.2014 - ₹ Nil) for the financial year 2009-10. The Company had received favourable order from the Commissioner of Income tax(Appeals).During the year, the Income-tax department has preferred an appeal to the Income Tax Appellate Tribunal.

- v. ₹ 44,659,336 (As at 31.03.2014 - ₹ 44,659,336) 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. During the year, the High Court of Mumbai admitted the appeal.

(iv) Withholding tax demand

The Income-Tax department has been contending that amounts paid by the Company for buying the software products is in the nature of 'Royalty' and hence had to withhold Income-tax on the same as per the Act and had raised demand of ₹284,187,956 (As at 31.03.14 - ₹284,187,956) for the financial years 1999-00, 2000-01 and 2001-02. The Company's contention has been that the payments were made for purchase of 'Goods' and hence was under no obligation to withhold Income-tax on the same. The Company had received favorable orders from the ITAT which were reversed by the Honorable High Court of Karnataka. The Company had preferred a Special Leave Petition Appeal on the said order to the Honorable Supreme Court of India, which had been admitted. However, for these years one of the principal suppliers of software to the Company had paid taxes of ₹87,904,913 out of the above demand. The amount included as disputed demand is excluding the amount paid by the supplier.

The Company is engaged in the business of buying and selling packaged software in India. The Income-tax department has been contending that amounts paid by the Company for buying the software products is in the nature of 'Royalty' and hence had to withhold income-tax on the same as per the Income-tax Act, 1961, and had raised demands of ₹218,239,587 (As at 31.03.2014 - ₹218,239,587) for the financial years 2000-01 and 2001-02. The Company's contention has been that the payments were made for purchase of 'Goods' and hence was under no obligation to withhold Income-tax on the same. The Company had received favorable orders from the Income Tax Appellate Tribunal which were reversed by the Honorable High Court of Karnataka. The Company had preferred a Special Leave Petition Appeal on the said order to the Honorable Supreme Court of India, which had been admitted. However, for these years one of the principal suppliers of software to the Company has paid taxes of ₹128,598,266 out of the above demand. The amount included as disputed demand is excluding the amount paid by the supplier.

(v) Deductions claimed under section 80 O

Prior to the enactment of Section 10A of the Act, the Company claimed deduction for exports made, under Section 80 O of the Act. The department had re-opened the assessments and disallowed certain aspects of the claims made on the contention that cost allocation principles followed for the claim are erroneous and raised a demand of ₹ 8,283,288 (As at 31.03.14 - ₹ 8,283,288) for the financial year 1994-95. The Company had received favorable orders from Income-Tax Appellate Tribunal.

The department had preferred an appeal on the said order before the Honorable High Court of Mumbai.

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

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

The Honorable High Court of Karnataka had given an unfavorable decision on the issue covered in (iv) above. However, the said demands which are consequential and penal in nature do not arise automatically and there are multiple legal precedents in favor of the Company. Based on legal opinions and feedback from its legal counsels, the Company is confident of a favorable outcome on these consequential demands.

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

₹ 2,364,309,742 (As at 31.03.2014 - ₹ 1,707,960,727) of tax demand for the financial year 2001-02, 2002-03, 2006-07 and 2007-08. The Company had received a favorable order from the Income Tax Appellate Tribunal. The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.

- f) 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

28 : Commitments

	As at 31.03.2015	As at 31.03.2014
Estimated amount of contracts remaining to be executed on capital account and not provided for	9,885,200	3,235,923
Other commitments - purchase contracts	47,098,133	148,632,488

29 : Details on derivative instruments and unhedged foreign currency

- i) Forward exchange contracts (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables/receivables/investments.

The following are the outstanding forward exchange contracts entered into by the Group and outstanding as at 31.03.2015 (Previous year figures are in brackets).

Currency	Amount	Buy / Sell	Cross currency
USD	46,995,868	Sell	Rupees
	(16,650,000)	Sell	Rupees
GBP	5,940,000	Sell	Rupees
	(2,350,000)	Sell	Rupees
EUR	5,445,000	Sell	Rupees
	(1,450,000)	Sell	Rupees

- ii) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

Particulars	At As 31.03.2015		At As 31.03.2014		Currency
	Receivable / (Payable) (₹)	Receivable/ (Payable) in Foreign currency	Receivable / (Payable) (₹)	Receivable/ (Payable) in Foreign currency	
Trade receivables	11,792,681	247,954	6,459,267	116,678	AUD
	7,958,022	123,822	17,141,428	254,022	CHF
	337,425,889	5,039,823	21,375,446	259,915	EUR
	191,343,946	2,069,478	147,116,372	1,478,262	GBP
	90,793,244	1,452,692	11,570,730	193,200	USD
	434,691	25,540	-	-	AED
Other non-current assets	-	-	328,858,187	4,000,000	EUR
Other current assets					
	7,836,162	84,752	9,713,543	97,565	GBP
	6,610,125	105,762	5,390,100	90,000	USD
	5,139,013	112,995	-	-	SGD
	-	-	7,338	450	AED
	-	-	864,767	52,601	QAR

Particulars	At As 31.03.2015		At As 31.03.2014		Currency
	Receivable / (Payable) (₹)	Receivable/ (Payable) in Foreign currency	Receivable / (Payable) (₹)	Receivable/ (Payable) in Foreign currency	
Short-term loans and advances					
	745,229	15,669	21,590	390	AUD
	1,858,199	27,656	333,111,078	4,050,475	EUR
	10,131,862	109,581	12,888,442	129,454	GBP
	14,385,765	230,569	10,632,528	177,455	USD
	271,936	5,600	227,904	4,800	SGD
	1,278,459	19,892	-	-	CHF
Other current liabilities					
	(2,418,940)	(53,187)	(3,587,833)	(54,582)	SGD
	(508,321)	(10,688)	-	-	AUD
	(4,423,611)	(47,844)	-	-	GBP
Trade payables					
	(190,652)	(4,009)	(12,326)	(223)	AUD
	(3,112,877)	(48,425)	(976,294)	(14,468)	CHF
	(2,073,479)	(30,860)	(2,185,633)	(26,576)	EUR
	(73,047,369)	(785,692)	(1,426,629)	(14,329)	GBP
	(57,751,029)	(923,630)	(34,045,451)	(568,466)	USD
	(3,001,359)	(65,993)	-	-	SGD

30 : Employee benefit plans

i) Defined contribution plans

a) Provident fund

"The Company makes contributions towards a Provident Fund under a defined contribution plan for qualifying employees. The Provident Fund is administered by the Trustees of Sonata Software Limited Provident Fund and by the Regional Provident Fund Commissioner. Under this scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits."

The Rules of the Company's Provident Fund administered by the Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future. There has also been no such deficiency since the inception of the Fund.

Provident fund contributions amounting to ₹ 74,459,723 (Previous year ₹59,624,256), National Pension Scheme contribution amounting to ₹ 2,637,963 (Previous year ₹ 2,722,439) have been

charged to the Consolidated Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 24 Employee benefits expense)

b) During the year the Group has recognised the following amounts in the Statement of Profit and Loss

Employers contribution to

	For the year ended 31.03.2015	For the year ended 31.03.2014
Employee's State Insurance (as part of Staff welfare expenses in Note 24 Employee benefits expense)	215,079	314,653
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 24 Employee benefits expense)	31,308,777	24,836,912
401K contribution of a subsidiary (as part of Contribution to provident fund and other funds in Note 24 Employee benefits expense)	6,713,228	6,026,054

ii) Defined benefit plans - Gratuity

	(₹)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
As per actuarial valuation Change in Obligation during the year		
Present value of Defined Benefit Obligation at beginning of the year	128,827,388	113,070,528
Current Service Cost	16,612,674	16,530,879
Interest Cost	12,084,009	9,045,643
Liability Transferred in/ Acquisition	1,446,512	-
Actual (Gains)/Losses	50,533,300	2,156,469
Benefits Paid	(25,026,888)	(11,976,131)
Present Value of Defined Benefit Obligation at the end of the year	184,476,995	128,827,388

Change in Assets during the year

Plan assets at the beginning of the year	130,147,014	109,767,991
Expected return on plan assets	11,322,789	9,549,815
Contributions by Employer	48,226,221	24,020,886
Actual benefits paid	(25,026,888)	(11,976,131)
Actuarial Gains/ (Losses)	17,303,890	(1,215,547)
Plan assets at the end of the year	181,973,026	130,147,014
Actual return on plan assets	28,626,679	8,334,268

Net Asset/(Liability) recognized in the Balance Sheet

Present Value of Defined Benefit Obligation	184,476,995	128,827,388
Fair value of plan assets	181,973,026	130,147,014
Fund status (Surplus/(Deficit))	(2,503,969)	1,319,626
Net Assets /(Liability)	(2,503,969)	1,319,626

Expenses recognized in the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 24 Employee benefits expense)

Experience adjustments

Particulars	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Present value of defined benefit obligation	184,476,995	128,827,388	113,070,528	95,158,119	100,060,106
Fair value of plan assets	181,973,026	130,147,014	109,767,991	93,354,600	102,553,005
Surplus / (deficit)	(2,503,969)	1,319,626	(3,302,537)	(1,803,519)	2,492,899
Experience adjustments on plan liabilities - (gain)/ loss	45,907,988	22,097,555	170,144	5,069,613	17,669,092
Experience adjustments on plan assets - (loss)/ gain	17,303,890	(1,215,547)	(167,118)	(4,560,059)	(1,868,405)

(₹)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Current Service Cost	16,612,674	16,530,879
Interest Cost	12,084,009	9,045,643
Expected return on plan assets	(11,322,789)	(9,549,815)
Net Actuarial (Gains)/Losses	33,229,410	3,372,016
Total Expense	50,603,304	19,398,723

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

Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	11.0%	15.6%
Defensive Fund	42.7%	41.4%
Balanced Fund	46.1%	42.7%
Stable Managed Fund	0.2%	0.3%

Actuarial Assumptions:

Discount Rate	8.00%	9.38%
Rate of return on plan assets	8.00%	8.70%
Retirement Age	60 Years	60 Years
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Salary escalation	5.0%	5.0%
Estimate of amount of contribution in the immediate next year	28,769,672	15,293,058

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.

(₹)

(₹)

	31.03.2015	31.03.2014
The gratuity benefit of a subsidiary is non funded:		
Charged to the Statement of Profit and Loss (included in Gratuity (unfunded) in Note 24 Employee benefits expense).	1,484,625	2,850,133
Closing Liability	704,125	894,277

31: Segment reporting

The Group's operation comprises of software development, technical services and product marketing. Primary segmental reporting is based on geographical areas based on location of customer, viz., Domestic (India) and International (Rest of the world). Secondary segment comprises business segment viz., products & services.

In primary segment, revenue and all expenses, which relate to a particular geographical segment based on location of customer, are reported. Secondary segment is reported based on the company'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. Fixed assets that are used interchangeably amongst segments are not allocated to primary and secondary segments.

Primary Disclosure

Geographical Segment based on location of customers

(₹)

Particulars	India		Other than India		Unallocable		Consolidated	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Revenue								
Revenue from operations	11,051,736,675	10,806,945,549	5,769,544,711	4,851,019,621	-	-	16,821,281,386	15,657,965,170
Segment result								
Earnings before finance cost, other income and taxes	408,799,388	290,785,566	1,208,842,561	624,615,409	-	-	1,615,641,949	915,400,975
Other income	9,612,715	-	23,838,790	-	165,295,535	108,202,137	198,747,040	108,202,137
Profit before exceptional items, finance cost and taxes	418,412,103	290,785,566	1,230,681,351	624,615,409	165,295,535	108,202,137	1,814,388,989	1,023,603,112
Finance costs							27,580,669	24,348,250
Profit before tax and exceptional items							1,786,808,320	999,254,862
Exceptional items -							(32,175,916)	(71,512,235)
Interest income on								
Income Tax refund								
Profit before tax							1,818,984,236	1,070,767,097
Tax expense							486,170,272	293,533,988
Profit before minority interest							1,332,813,964	777,233,109
Minority interest							4,152,865	435,855
Profit after tax after minority interest							1,336,966,829	777,668,964
Segment assets	2,344,765,052	1,988,728,583	4,180,615,362	3,050,600,157	1,561,525,787	1,550,852,469	8,086,906,201	6,590,181,209
Segment liabilities	2,319,320,911	1,786,898,844	784,252,140	597,680,260	699,026,705	461,648,628	3,802,599,756	2,846,227,732
Other Information								
Capital expenditure	4,282,821	3,382,969	58,241,950	33,131,327	-	-	62,524,771	36,514,296
Depreciation & amortisation	2,917,934	2,656,131	57,796,597	76,981,084	-	-	60,714,531	79,637,215
Other significant non-cash expenses	7,379,975	9,597,598	162,351	28,584,839	-	11,196,640	7,542,326	49,379,077

Secondary disclosure

Business Segment

	Products		Services		Unallocable		Consolidated	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Revenue	10,688,063,608	10,561,292,434	6,133,217,778	5,096,672,736	-	-	16,821,281,386	15,657,965,170
Assets	2,748,255,998	1,967,162,927	3,777,124,416	3,072,165,813	1,561,525,787	1,550,852,469	8,086,906,201	6,590,181,209
Capital expenditure	4,282,821	3,382,969	58,241,950	33,131,327	-	-	62,524,771	36,514,296

Geographical Segment based on location of assets

	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Segment assets	4,512,546,020	3,297,061,759	2,012,834,394	1,742,266,981	1,561,525,787	1,550,852,469	8,086,906,201	6,590,181,209
Capital expenditure	4,282,821	3,382,969	58,241,950	33,131,327	-	-	62,524,771	36,514,296

32 : Related Party Disclosure

i) Details of related parties

Description of relationship	Name of related parties
Key Management Personal (KMP)	Mr. P Srikar Reddy, Managing Director & Chief Executive Officer

Particulars	KMP	
	31.03.2015	31.03.2014
ii) Transactions with related parties :		
Remuneration		
P Srikar Reddy, Managing Director & Chief Executive Officer	30,438,932	25,603,129
Commission		
P Srikar Reddy, Managing Director & Chief Executive Officer	6,684,834	3,888,345
iii) Balances outstanding at the end of the year		
Remuneration payable		
P Srikar Reddy, Managing Director & Chief Executive Officer	10,000,000	9,000,000
Commission payable		
P Srikar Reddy, Managing Director & Chief Executive Officer	6,684,834	3,888,345

33: Details of leasing arrangements

- i. The Group has entered into various operating lease agreements for office premises, residential premises, guest houses and certain assets. These leases are cancellable as well as non-cancellable and are for a period of 11 months to 180 months and may be renewed based on mutual agreement of the parties.

- ii. The total of future minimum lease payments are non-cancellable operating leases are as below :

(₹)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Not later than one year	46,764,630	42,508,705
Later than one year and not later than 5 years	77,753,767	57,782,179
Later than 5 years	-	-

- iii. The lease payments recognised in the Statement of Profit and Loss are as under :

(₹)

	For the year ended 31.03.2015	For the year ended 31.03.2014
included in Rent (Refer Note 25)	210,563,842	169,080,448
included in travel, conveyance and facility maintenance (Refer Note 25)	-	2,779,979
	210,563,842	171,860,427

- vi. There are no rents which are contingent in nature.

34 : The effect of acquisition of subsidiary

The effect of acquisition of subsidiary on the financial position and results as included in the consolidated financial statement is given below:

(₹)

Particulars	
Date of acquisition	August 22, 2014
Liabilities as at 31.03.2015	
Current liabilities	37,962,136
Assets as at 31.03.2015	
Non-current assets	417,188
Current assets	33,664,529
Profit / (Loss) after tax for the period ended 31.03.2015	(14,002,085)

35: Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the 2013 Act (Previous year figures are in brackets)

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit / (loss)	
	As % of consolidated net assets	Amount (₹)	As % of consolidated profit / (loss)	Amount (₹)
Parent :	58.03%	2,485,653,300	87.41%	1,168,670,151
	(63.77%)	(2,387,383,565)	(69.22%)	(538,419,741)
Subsidiaries :				
Indian				
Sonata Information Technology Limited	17.98%	770,388,290	18.93%	253,049,904
	(15.13%)	(566,640,344)	(24.77%)	(192,621,539)

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit / (loss)	
	As % of consolidated net assets	Amount (₹)	As % of consolidated profit / (loss)	Amount (₹)
Foreign				
Sonata Software North America Inc	9.52%	407,966,236	- 2.22%	- 29,714,074
	(8.40%)	(314,544,372)	(6.54%)	(50,877,334)
Sonata Europe Limited	8.81%	377,458,898	- 2.87%	- 38,393,090
	(10.52%)	(393,751,026)	(-1.67%)	(-13,004,256)
Rezopia Inc	2.66%	113,892,792	- 1.05%	- 14,002,084
	(-)	(-)	(-)	(-)
Sonata Software FZ LLC (Dubai)	2.65%	113,733,978	- 0.35%	- 4,710,691
	(2.13%)	(79,779,530)	(1.36%)	(10,540,460)
Sonata Software Qatar	0.04%	1,881,696	- 0.24%	- 3,173,689
	(- 0.25%)	(- 9,331,176)	(- 0.55%)	(- 4,311,242)
Sonata Software GmbH	0.31%	13,331,255	0.39%	5,240,402
	(0.30%)	(11,185,816)	(0.38%)	(2,956,105)
Sonata Technology Solutions India Limited	-	-	-	-
	(-)	(-)	(- 0.05%)	(- 430,717)
Total	100.00%	4,284,306,445	100.00%	1,336,966,829
	100.00%	(3,743,953,477)	100.00%	(777,668,964)

36: Earnings per share

Particulars	31.03.2015	31.03.2014
Profit attributable to equity shareholders (₹)	1,336,966,829	777,668,964
Weighted average number of equity shares of Re.1/- each	105,159,306	105,159,306
Earnings Per Share - Basic and Diluted (₹)	12.71	7.40

37: There is no amount due and outstanding as at Balance Sheet date to be credited to the Investor Education and Protection Fund.

38: Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors		
PRADIP P SHAH Chairman	P SRIKAR REDDY Managing Director & CEO	M D DALAL Executive Vice Chairman
S B GHIA Director	VIREN RAHEJA Director	S N TALWAR Director
B K SYNGAL Director	RADHIKA RAJAN Director	R SATHYANARAYANA AVP - Finance & Accounts

Place : Mumbai
Date: 19th May 2015

PRIYA MANOJ JASWANI
Company Secretary

BOARDS' REPORT

To the Members,

The Directors have pleasure in presenting before you the Fifteenth Annual Report of your Company together with the Audited Statements of Accounts for the Financial Year ended 31st March, 2015.

FINANCIAL RESULTS

(₹ in Crores)

Description	Financial Year ended 31.03.2015	Financial Year ended 31.03.2014
1. Total Income	1096.54	1087.19
2. Total Expenditure	1058.29	1058.83
3. EBITDA	38.25	28.36
5. Depreciation & Amortization Expense	0.29	0.26
4. Finance Cost	3.47	4.77
5. Profit before Tax and Exceptional Items	34.48	23.32
6. Exceptional item [Interest income on Income Tax refund]	3.03	6.84
8. Provision for Tax (Net)	12.21	10.90
9. Profit after Tax	25.30	19.26
10. Earnings in ₹ per share	74.97	57.07

BUSINESS PERFORMANCE

Your Company has posted encouraging results for the Financial Year that ended on 31st March, 2015.

We have been able to show a good growth as a result of focusing on customer quality, tighter credit reviews and focus on new technology products like cloud, analytics, Big data appliance, etc.

Your Company has reported all time high revenues of ₹ 1096 crores in the Financial Year under review with a growth of 34.87% in EBITDA and 31.37% in PAT. The focus in this business has always been to manage Return on Capital Employed, which was approximately 37% for the Financial Year.

Your Company's business has two broad lines:

A. PRODUCTS

Your Company's strategy of focusing on new technologies products got a fillip during the Financial Year. We have grown substantially in the area of Cloud, Social, and Analytics. We have been recognized as a value player in the above area by Microsoft, Oracle and SAP. We have also focused on computer appliance business like Oracle Exadata and Exalogic which have given good results. We have also focused on security appliance for Palo Alto and Check Point which have got good potential in Enterprise Security Market. Your Company will continue to focus on high value products and will continue looking for tying with leading OEMs in this area. We are also focusing on Cloud Consulting Services to our enterprise customers.

B. SERVICES

During the Financial Year under review, your Company has strengthened across its service offerings.

Your Company's strategy of addressing select Enterprise class clients continued to pay rich dividends both in terms of revenues as well as profitability. During the Financial Year, the group has aligned with the overall services business of Sonata and has gained a razor-sharp focus in our key verticals of Travel, Retail, Consumer Product Group and Outsourced Product Development. As a result, we have a deeper relationship with our existing clients, engagements span across multiple technology and service offerings.

OUTLOOK IN BUSINESS

Based on the existing trend, your Company is positive of growing in the area of Cloud, Social, and Analytics. On computer appliance business we believe that it will have a good market for appliances like Oracle Exadata and Exalogic in India. Our focus will also be on security appliance for Palo Alto and Check Point which have got good potential in Enterprise Security Market.

Your Company will continue to emphasise on high value products and will continue looking for tying with leading OEMs in this area. We are also concentrating on Cloud Consulting Services to our enterprise customers.

With all this, your Company believes that this business will grow at a higher pace based on the strategy of creating more value to our customers and principals and looking for more opportunities to bring advanced technology products to the Indian market.

DIVIDEND / TRANSFER TO RESERVES

During the Financial Year under review, your Company had declared and paid First interim dividend of ₹ 4/- per equity share, Second interim dividend of ₹ 4/- per equity share, Third interim dividend of ₹ 4/- per equity share and Fourth interim dividend of ₹ 5/- per equity share, thereby, aggregating to a total dividend of ₹ 17/- per equity share (Previous Year ₹ 15/- per equity share of ₹ 10/- each). Hence, your Directors do not recommend any final dividend for the Financial Year 2014-15.

Your Company proposes to transfer Rs. 2.5 crores to the general reserve.

BOARD MEETINGS

During the Financial Year under review, the Board of Directors met 8 (Eight) times. The Board Meetings were held on the following dates - 26th May, 2014, 20th June, 2014, 11th August, 2014, 8th September, 2014, 7th November, 2014, 31st December, 2014, 6th February, 2015 and 31st March, 2015.

BOARD OF DIRECTORS AND OTHER MANAGERIAL PERSONNEL

Sujit Mohanty, Whole-time Director of your Company, retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM). Brief profiles of Mr. Sujit Mohanty is given in the notes to the Notice of the ensuing AGM.

During the Financial Year under review, Radhika Rajan was appointed as an Additional Director w.e.f 31st March, 2015 to fulfil the requirement of appointing an Independent Director on the Board of your Company and it is also proposed for the confirmation of Radhika Rajan's appointment as a Director at the ensuing AGM.

Venkatraman N, Director, had resigned from the Board with effect from 9th April, 2015, for personal reasons.

Feroza Byramji, Company Secretary of the Company had resigned w.e.f 7th November, 2014.

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

Your Company has received necessary declaration from each Independent Director of your Company under Section 149(7) of the Companies Act, 2013, that the Independent Directors of your Company meet with the criteria of their Independence laid down in Section 149(6) of the Companies Act, 2013.

DIRECTOR'S RESPONSIBILITY STATEMENT:

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

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

- (b) the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;

- (c) the Directors had 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;

- (d) the Directors had prepared the annual accounts on a going concern basis; and

- (e) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively

AUDIT COMMITTEE

The Audit Committee currently comprises of B K Syngal (Chairman), P Srikar Reddy and Radhika Rajan as its members. The Committee met 5 (Five) times during the Financial Year under review and all of its recommendations were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

During the year under review, your Company has constituted the Nomination and Remuneration Committee, in line with the requirements of the Companies Act, 2013 and the Rules made thereunder.

The present composition of the Nomination and Remuneration Committee includes B. K. Syngal (Chairman), P. Srikar Reddy and Radhika Rajan as its members. The Nomination and Remuneration Committee has laid down a Policy for remuneration of Directors, Senior Managerial Personnel and other Employees. A copy of the Policy forms part of this Report as **ANNEXURE I**.

QUALIFICATIONS IN AUDIT REPORTS

Your Company confirms that there are no qualifications in the Statutory Auditor's report for the Financial Year 2014-15.

However, qualification was observed by the Secretarial Auditor in his Report to which the Board has shared the following explanation:

1. Qualification : *In respect of compliance under the provisions of Section 135(5) of the Companies Act, 2013 and Rules made thereunder, during the Financial Year under review, the Company has not spent 2% of the average net profits of the Company earned during the three immediately preceding Financial Years (i.e., during 2011-14) on Corporate Social Responsibility programs.*

Response : As the provisions of Section 135 of the Companies Act, 2013 were made effective during the Financial Year under review, the Company's effort and time was devoted mainly in formulating the CSR Policy and in identifying and firming up with Partners through whom the amount would be spent on future CSR activities. During the Financial Year, your Company has finalised its Partners and has made allocations for each of the activities and the amounts would be spent during the current year.

SECRETARIAL AUDIT

Secretarial Audit Report as provided by Praveen Kumar D, Practising Company Secretary is annexed to this Report as **ANNEXURE II.**

COST AUDIT

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

SECRETARIAL STANDARDS

Though during the Financial Year under review, none of the Secretarial Standards have been notified by Central Government. However, your Company has complied with some of the provisions of the Secretarial Standards suggested by the Institute of Company Secretaries of India.

EXTRACT OF ANNUAL RETURN

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

RECOGNITION

During the Financial Year under review, your Company were felicitated with followings recognitions:

- a) SAP Pinnacle for SME Value- Added Reseller of the year;
- b) SAP Partner of the year- general business for significant contributions made in developing and growing partnerships with SAP and driving customer success;
- c) The '2014 Microsoft Country Partner of the Year', recognized for providing outstanding solutions and services.
- d) Excellent subsidiary engagement in India at the World Partner Conference in Washington DC; and
- e) The LSP Partner of the Year and Alliance Partner of the Year awards at the Microsoft Partner Summit.

Further, your Company signed a Solution Provider Agreement (SPA) in US, UK & APAC which now allows your Company to sell Dynamics licenses in these geographical areas. Your Company has also signed geography specific business plans with Microsoft in India, US & UK to work on a joint-GTM mode to win new client and the 'Micro Vertical Market maker' agreement for Retail with Microsoft USA and the Dynamics Master Vendor Affiliate

Recorded (MVAR) program in India with 22 (Twenty Two) partners already signed up.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) CONSERVATION OF ENERGY

Though your Company does not have energy intensive operations, every endeavour has been made to ensure the optimal usage of energy, avoid wastage and conserve energy. As an ongoing process your Company continued to undertake the following measures to conserve energy:

- Using energy-efficient computers and equipment with the latest technologies, which would help in conservation of energy;
- Installation of sensors at work space area;
- Installation of LCD/LED monitors (energy efficient) in place of normal CRT monitors, thereby saving energy;
- Usage of LED lighting; and
- Turning off air conditioners during non-peak hours and on weekends

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

(B) Technology absorption:

During the Financial Year under review, your Company focused its efforts and built competencies in areas of Mobility, Omni channel commerce, Analytics and Cloud. Dedicated Competency teams were setup for each of these. Your Company also entered into alliances with global technology leaders in these areas that helped in absorption of technology competencies. Key benefits in technology include development of Retina - Analytics solution for Retail companies. Your Company also developed suite for process engineering tools called ADEPT, that help reduce costs and improve quality of end products.

(C) Foreign exchange earnings and Outgo

Foreign Exchange outgo on account of Travelling, Royalty, Import of traded products, etc. was ₹ 313.63 crores and foreign exchange inflow on account of software services rendered and sales of traded products exports was ₹ 9.89 crores.

PARTICULARS OF EMPLOYEES

Information as required under the provisions of Rules 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is mentioned below-

Employee Name	Designation in the Company	Educational qualification	Age	Experience (In Years)	Date of joining	Gross remuneration	Previous employment and designation
Mr. Sujit Mohanty	Vice President & Director	MA & PGDM	47	26	01.02.1991	7,306,701	Senior Marketing Executive Academy of Computer Education

Note:

- The above employee is a permanent employee of the Company.
- He is not related as per clause ix of sub-rule 2 above.
- The equity shares held (if any) are not attracted under clause viii of sub-rule 2 above.

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public during the Financial Year under review.

QUALITY MANAGEMENT

Your Company continues to achieve customer delight by enhancing its Quality Management System processes. During the Financial Year under review, the customer satisfaction index has risen to 4 out of 5. Your company also successfully underwent the surveillance audit under ISO 9001:2008 standard.

HUMAN RESOURCES MANAGEMENT

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

- Career Planning and Development initiative where employees shared their aspirations and the organization worked towards the realization by aligning opportunities to aspirations, key developmental interventions and providing employees with the required support & infrastructure.
- Senior Leadership Development through a 360° feedback process, key developmental interventions through Executive Coaching, Leadership Development Program & Sponsoring Key leaders to Strategic Leadership Programs with B-schools.
- An organization-wide Employee Engagement Survey seeking feedback from employees on how we can make Sonata a Great Place to Work.
- Constituting Location HR teams and Local Leadership Councils to address feedback received from the Employee Engagement Survey.
- A Culture Audit to strengthen Organizational transformation.
- Competency framework – Creation of a comprehensive framework along with the competency dictionary.
- Annual review of Compensation & Benefits to aligning it to the Industry and administering it globally.
- Organized several employee engagement and Corporate Social Responsibility events across our facilities enabling employees to engage, participate, contribute and do their bit to our society

- Your Company launched the new Rewards & Rewards Program to create a recognition and appreciation culture to ensure a positive reinforcement of behaviours of caring and respect aligned with a strong focus on our business strategy for customer success and corporate responsibility

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Your Company has deployed adequate Internal Control Systems (ICS) in place to ensure a smooth functioning of its business. The processes and the systems are reviewed constantly and changed to address the changing regulatory and business environment. The Control Systems provide a reasonable assurance of recording the transactions of its operations in all material aspects and of providing protection against misuse or loss of Company's assets.

The ERP system which the Company had implemented has helped in further strengthening the internal control systems that are in place.

The existing internal control systems and their adequacy are frequently reviewed and improved upon to meet the changing business environment. The external auditors as well as the internal auditors periodically review the internal control systems, policies and procedures for their adequacy, effectiveness, and continuous operation for addressing risk management and mitigation strategies.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Your Company has duly complied with the provision of Section 186 of the Companies Act, 2013.

RISK MANAGEMENT POLICY:

Our Risk Management practice seeks to sustain our long term vision and mission. Your Company continuously evaluates the various risks surrounding the business and seeks to establish the risk management processes and their constant review. The Board continues to assess the risks surrounding the business of Your Company and formulates strategies directed at mitigating these risks. While the executive Management of Your Company establishes the processes and policies which are directed at mitigating the risks to the business objectives and processes.

CORPORATE SOCIAL RESPONSIBILITY POLICY "CSR":

Your Company has in pursuance to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, during the Financial Year, formed a CSR Committee of the Board of Directors to recommend (a) formulate and recommend a CSR policy, (b) recommend the amount of expenditure to be incurred on the CSR activities and (c) monitor implementation of the CSR policy from time to time.

Your Company primarily focused around initiatives towards development of applications to promote heritage sites, e-commerce portals for artisans and craftsmen to market their products, planting of saplings as a part of its Go- Green initiative, partnering with leading technical incubation centers to aid education to the youth and to promote education to the impaired.

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

RELATED PARTY TRANSACTIONS :

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) – details provided in format AOC-2 as **ANNEXURE V**.

JUSTIFICATION FOR ENTERING INTO RELATED PARTY TRANSACTIONS :

During the Financial Year your Company has availed Inter Corporate Deposits at prevailing bank lending rate from its Parent Company, Sonata Software Ltd. for meeting its working capital requirements.

Also, your Company has obtained Corporate Guarantees on its behalf from its Parent Company, Sonata Software Ltd, for facilitating its business needs.

STATUTORY AUDITORS

M/s. Deloitte, Haskins & Sells, Chartered Accountants, (ICAI Registration No. 008072S), Bangalore, Statutory Auditors of

your Company were appointed as Statutory Auditors from the conclusion of the previous AGM to the conclusion of the fourth consecutive AGM, subject to ratification of appointment by the members at every AGM held after this AGM and accordingly, a resolution proposing ratification of their appointment is being submitted to the shareholders at the ensuing AGM.

ACKNOWLEDGEMENTS

Your Directors would like to place on record their gratitude for all the guidance and co-operation received from all its clients, vendors, bankers, financial institutions, business associates, advisors, regulatory and government authorities.

Your Directors also take this opportunity to thank all its shareholders and stakeholders for their continued support and all the Sonatians for their valuable contribution and dedicated service.

For and on behalf of the Board
SONATA INFORMATION TECHNOLOGY LIMITED

Place : Mumbai
Date : 19th May, 2015

P SRIKAR REDDY
CHAIRMAN

NOTE: Annexures I to V to this Report, is prepared in the prescribed format and shall be tabled at the meeting.

ANNEXURE I

NOMINATION AND REMUNERATION POLICY

1. PREAMBLE

This Policy is formulated for the Company and all its Subsidiaries including but not limited to Sonata Information Technology Ltd, Sonata Europe Limited, Sonata Software North America Inc, etc to attract, motivate and retain high-caliber senior executives/directors in a competitive market, who possess the required core competencies, professional backgrounds and skill sets in line with the nature and identity of the Company and its business. This Policy reflects the Company's objectives for good corporate governance as well as sustained long-term value creation for stakeholders.

2. OBJECTIVES

The objectives and purpose of this Policy are as follows:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (executive and non-executive) and persons who may be appointed in Senior Management

(SMP) and Key Managerial positions (KMP) and to determine their Remuneration.

- To determine Remuneration based on the Company's size, financial position and trends and practices on Remuneration prevailing in peer companies, in the software industry.
- To carry out evaluation of the performance of Directors, as well as KMP and SMP.
- To provide them reward linked directly to their performance and potential relating to the Company's operations.

3. APPLICABILITY

This Policy is applicable to:

- Directors (executive and non-executive);
- KMP; and
- SMP

4 EFFECTIVE DATE

In the context of the aforesaid objectives, this Policy has been formulated by the Company and adopted by the board of directors of the Company on 30 September 2014 and this date will be deemed to be the effective date of this Policy.

5 DEFINITIONS

- 1) **"Act"** means the Companies Act, 2013 (as amended or modified from time to time) and applicable rules prescribed thereunder;
- 2) **"Board"** means the Board of Directors of the Company
- 3) **"Director"** means the Director appointed to the Board of the Company.
- 4) **"Committee"** means Nomination and Remuneration Committee of M/s. Sonata Software Limited as constituted or reconstituted by the Board.
- 5) **"Company"** means M/s. Sonata Software Limited and its Subsidiaries.
- 6) **"Independent Director"** means a Director referred to in Section 149(6) of the Act.
- 7) **"Key Managerial Personnel" (KMP)** means-
 - The Chief Executive Officer or the Managing Director or the Manager;
 - The Company Secretary;
 - The whole-time Director;
 - The Chief Financial Officer
- 8) **"Policy"** means this Nomination and Remuneration Policy.
- 9) **"Senior Management Personnel" (SMP)** means personnel of the Company in cadre Senior Vice President and above.

Note:

- i) Unless the context otherwise requires, words and expressions used in this Policy and not defined herein but defined in the Act shall have the meaning respectively assigned to them therein.
- ii) Words imparting the singular shall include the plural and vice versa. Words imparting a gender include every gender.

6 CONSTITUTION OF THE COMMITTEE

The Committee which is inter alia responsible for recommending the Remuneration for Directors, KMP and SMP, comprise of following Directors:

- i) Mr. S. N. Talwar, Chairman (Non – Executive Independent Director)

- ii) Mr. S. B. Ghia, Member (Non-Independent Non – Executive Director)
- iii) Mr. B. K. Syngal, Member (Non – Executive Independent Director)
- iv) Mr. Viren Raheja, Member (Non – Executive Director)

The Board has the power to reconstitute the Committee consistent with the Company's policies and applicable statutory requirement.

7 MATTERS TO BE DEALT WITH AND RECOMMENDED TO THE BOARD BY THE COMMITTEE

The Committee shall:

- Formulate the criteria for determining qualifications, positive attributes and independence of a Director;
- Identify persons who are qualified to become Director and persons who may be appointed in Key Managerial and Senior Management positions in accordance with the criteria laid down in this Policy; and
- Recommend to the Board, appointment and removal of Directors, KMPs and SMPs.

8 CRITERIA FOR APPOINTMENT AND REMOVAL OF DIRECTORS, KMPs AND SMPs

8.1 Appointment criteria and qualifications:

8.1.1 The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person who is proposed for appointment as Director, KMP or SMP and recommend to the Board about such proposed appointment.

8.1.2 A person should possess adequate qualification, expertise and experience for the position he is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person is sufficient / satisfactory for the concerned position.

8.1.3 The Company shall not appoint or continue the employment of any person as Managing Director, whole-time Director or Manager who is below the age of twenty one years or who has attained the age of seventy years. Provided that the term of the person holding the described position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution which shall be based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond the age of seventy years.

8.2 Term / Tenure:

8.2.1 Managing Director/whole-time Director/Manager:

- The Company shall not appoint or employ at the same time a Managing Director and a Manager;

- The Company shall not appoint or re-appoint any person as a Managing Director or a whole-time Director or a Manager for a term exceeding five years at a time. Provided that no re-appointment shall be made earlier than one year before the expiry of his term.

8.2.2 Independent Director:

- An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment on passing of a special resolution by the Company in this regard.
- No Independent Director shall hold office for more than two consecutive terms, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director of the Company. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly. However, if a person who has already served as an Independent Director for 5 (Five) years or more in the Company as on 1st October, 2014 or such other date as may be determined by the Committee as per regulatory requirement, he shall be eligible for appointment for one more term of 5 (Five) years only.
- At the time of appointment of an Independent Director, it should be ensured that number of Boards on which such Independent Director serves is restricted to seven Listed companies as an Independent Director and three Listed companies as an Independent Director in case such person is serving as a whole-time Director in any Listed company.

8.2.3 KMP:

A whole-time KMP of the Company cannot hold the office in any other company except in its Subsidiary at the same time. However a Managing Director of the Company can hold the office in one another company provided such appointment is approved by a resolution passed at a meeting of the Board of Directors with the consent of all the Directors present at the meeting and of which meeting and of all the resolutions to be moved thereat, specific notice has been given to all the Directors then in India.

8.3 Evaluation:

The Committee shall diligently carry out annual evaluation of performance of every Director, KMP and SMP on the basis of the criteria(s) laid down by the Committee or the Company or under the Act.

8.4 Removal:

Due to the reasons for any disqualification prescribed under the Act or under any other applicable Acts, rules and regulations, the Committee may recommend, to the Board with reasons recorded in writing for removal of a Director, KMP or SMP and such removal shall be in compliance with the Act or any other applicable Acts, rules and regulations.

8.5 Retirement:

The Director, KMP and SMP shall retire as per the applicable provisions of the Act and in accordance with the applicable policy of the Company. The Committee or the Board will have the discretion to retain the Director, KMP, and SMP in the same position / Remuneration or otherwise even after their attaining of retirement age, for the benefit of the Company.

9 TERMS OF REMUNERATION FOR THE DIRECTOR, KMP AND SMP

9.1 General:

- 9.1.1 The Remuneration payable to the Director, KMP and SMP will be determined by the Committee and recommended to the Board for approval.
- 9.1.2 The Committee shall have the power to determine the Remuneration and commission to be paid to the Director which shall be in accordance with the provisions laid down in the Articles of Association of the Company and the Act.
- 9.1.3 Increments to the existing Remuneration/ compensation structure may be recommended by the Committee to the Board which should be within the slabs approved by the Shareholders in the case of Whole-time Director.
- 9.1.4 Where any insurance is taken by the Company on behalf of its Directors, KMP and SMP for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the Remuneration payable to any such personnel. Provided that if such personnel is proved to be guilty, the premium paid on such insurance shall be treated as part of the Remuneration.
- 9.1.5 **Compensation:**
The Director, KMP and SMP at the discretion of the Committee may be entitled to fixed Pay on a monthly or yearly basis which may be divided into Basic, Performance Bonus, House Rent Allowance, Medical Allowance, Grade Allowance, etc. Appointment letter or contract will form the basis of eligibility of such pay/ allowances.
- 9.1.6 **Benefits:**
To continually enhance the standard of living of the Director, KMP and SMP and to ensure continual

long term engagement, the Committee may extend benefits/welfare facilities such as group mediclaim insurance policy, long service award and such other benefits that the Committee deems fit, to the Director, KMP and SMP in accordance with the HR policies of the Company.

9.2 Remuneration to Executive Director, KMP and SMP:

9.2.1 Fixed pay:

The Executive Director, KMP and SMP shall be eligible for a monthly Remuneration as may be approved by the Board on the recommendation of the Committee. The break-up of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, whenever necessary.

9.2.2 Minimum pay:

If, in any Financial Year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director, Whole-time Director and Manager in accordance with the provisions of Schedule V of the Act.

9.2.3 Provisions for excess Remuneration:

If any Whole-time Director draws or receives, directly or indirectly by way of Remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

9.3 Remuneration to Non- Executive / Independent Director:

9.3.1 Remuneration:

If required, Non-executive/Independent Directors may be paid Remuneration, which shall be fixed as per the slabs and conditions as deemed fit by the Committee and which shall be in accordance with the Articles of Association of the Company and the Act.

9.3.2 Sitting Fees:

The Non- Executive / Independent Director shall receive Remuneration by way of fees for attending Meetings of Board or Committee thereof. Provided that the amount of such fees shall not exceed Rupees One lakh per Meeting of the Board or Committee or such amount as may be prescribed by the Central Government from time to time.

9.3.3 Commission:

Commission may be paid within the monetary limit approved by shareholders, Central Government subject to the limit not exceeding 3% (three percent) of the profits of the Company computed as per the applicable provisions of the Act.

9.3.4 Stock Options:

An Independent Director and any Director who either himself or through his relative or through any Body Corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the Company shall not be entitled to any stock option of the Company.

10 AMENDMENTS

The Committee or the Board reserves its right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

ANNEXURE II

SECRETARIAL AUDIT REPORT

For the Financial Year ended on March 31, 2015

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

To,
The Members,
Sonata Information Technology Limited

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 (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, 2015 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, 2015 according to the provisions of:

- (i) The Companies Act 2013 and the Rules made thereunder.
- (ii) The Securities Contracts (Regulation) Act 1956 and the Rules made thereunder - Not applicable to the Company during the period under review.
- (iii) The Depositories Act 1996, Regulations and Bye-Laws framed thereunder - Not applicable to the Company during the period under review.
- (iv) The Foreign Exchange Management Act 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - Not applicable to the Company during the period under review since there have been no such events.

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") -- all of which are not applicable to the Company during the period under review being unlisted Company:

- (a) SEBI (Substantial Acquisition of Shares and Takeovers) Regulations 2011;
- (b) SEBI (Prohibition of Insider Trading) Regulations 1992;
- (c) SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009;
- (d) SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999;
- (e) SEBI (Issue and Listing of Debt Securities) Regulations 2008;
- (f) SEBI (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding the Companies Act and dealing with client;
- (g) SEBI (Delisting of Equity Shares) Regulations 2009; and
- (h) SEBI (Buyback of Securities) Regulations 1998.

- (vi) The Special Economic Zone Act, 2005, which is specifically applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India - Not applicable to the Company during the period under review since the Central Government had not approved the Secretarial Standards in accordance with the requirement of Section 118(10) of the Companies Act, 2013.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s), if applicable - Not applicable to the Company during the period under review being an unlisted Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above subject to the following observations:

1. In respect of compliance under the provisions of Section 135(5) of the Companies Act, 2013 and Rules made thereunder, during the year under review, the Company has not spent 2% of the

average net profits of the Company earned during the three immediately preceding financial years (i.e., during 2011-14) on Corporate Social Responsibility programs.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act. Adequate notice is given to all Directors to schedule the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance; and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has not taken any action or had any specific event having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

Place: Bangalore

Date: May 11, 2015

Signature:

Name of PCS: **CS Praveen Kumar D**

FCS No. 6706

CP No.10862

ANNEXURE III

EXTRACT ANNUAL RETURN

FORM- MGT-9

FOR THE FINANCIAL YEAR ENDED 31.03.2015

I REGISTRATION & OTHER DETAILS:

i	CIN	U72300MH2000PLC127476
ii	Registration Date	29/06/2000
iii	Name of the Company	Sonata Information Technology Limited
iv	Category/Sub-category of the Company	Public Company Limited by Shares
v	Address of the Registered office & contact details	No.208 TV Industrial "Estate" "K. Ahire" Marg, Worli, Mumbai- 400030 Tel : 91-22-24943055
vi	Whether listed company	Unlisted
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated- Software Development and Consulting Services and also reselling of product licenses

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Other Information Technology and Computer Services activities	620999	100%

III. PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Sonata Software Limited	L72200MH1994PLC082110	Holding Company	100%	2(46)

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

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual*/HUF	0	700	0	0.020738	0	700	0	0.020738	0	0
b) Central Govt.or State Govt.	0	0	0		0		0		0	0
c) Bodies Corporates	0	3374694	0	99.97926	0	3374694	0	99.97926	0	0
d) Bank/FI	0	0	0	0	0		0		0	0
e) Any other	0	0	0	0	0		0		0	0
	0	0	0	0	0		0		0	0
SUB TOTAL:(A) (1)	0	3375394	0	100	0	3375394	0	100	0	0
	0		0	0	0	0	0	0	0	0
(2) Foreign	0	0	0	0	0	0	0	0	0	0
a) NRI- Individuals	0	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
b) Other Individuals	0	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter	0	0	0	0	0	0	0	0	0	0
(A)= (A)(1)+(A)(2)										
	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
B. Public Shareholding	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
(1) Institutions	0	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0	0
c) Central govt	0	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
(2) Non Institutions	0	0	0	0	0	0	0	0	0	0
a) Bodies corporates	0	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	0	0	0	0	0	0	0	0	0	0
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	0	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
c) Others	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(2):	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	3375394	0	100	0	3375394	0	100	0	0

* Note: The beneficial ownership in the shares held by individual shareholders is held by Sonata Software Limited (Holding Company)

(ii) **SHARE HOLDING OF PROMOTERS**

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Sonata Software Limited	33,74,694	99.98	NIL	33,74,694	99.98	NIL	NIL
	Total	33,74,694	99.98	NIL	33,74,694	99.98	NIL	NIL

(iii) **CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)**

Sl. No.	Particulars	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	33,74,694	99.98	NIL	NIL
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	NIL	NIL	NIL	NIL
3	At the end of the year	33,74,694	99.98	NIL	NIL

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

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	NIL	NIL	NIL	NIL
3	At the end of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

V SHAREHOLDING OF DIRECTORS

Sl. No	For Each of the Directors & KMP*	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
3	At the end of the year	Nil	Nil	Nil	Nil

* Note: Directors are not holding any shares since the beneficial interest is held by Sonata Software Limited (Holding Company).

VI INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
Additions	82.00	25.70	Nil	107.70
Reduction	82.00	6.60	Nil	88.60
Net Change	-	19.10	Nil	19.10
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	19.10	Nil	19.10
ii) Interest due but not paid	Nil	0.03	Nil	0.03
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	19.13	Nil	19.13

VI REMUNERATION OF DIRECTORS

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

(Amount in ₹)

Sl NO.	Particulars of Remuneration	Sujit Mohanty (whole-time Director)	Total Amount
	Gross salary		
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	51,14,482	51,14,482
2	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	1,28,175	1,28,175
3	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		
4	Stock option	--	--
5	Sweat Equity	--	--
6	Commission as % of profit	20,64,044	20,64,044
7	Others	--	--
8	Total (A)	73,06,701	73,06,701
9	Ceiling as per the Act		12,652,495

Note:

- 1) The Directors P Srikar Reddy and Venkatraman N were not paid any remuneration as they held executive positions in Sonata Software Limited(Holding Company).
- 2) Venkatraman N resigned w.e.f April 9, 2015.

B. Remuneration to other Directors:

(Amount in ₹)

Sl NO.	Particulars of Remuneration	Name of the Independent Directors		Total Amount
1	Independent Directors	B K Syngal	Radhika Rajan	
2	(a) Fee for attending board/ committee meetings	2,60,000	40,000	3,00,000
3	(b) Commission	--	--	--
4	(c) Others, please specify	--	--	--
5	Total (1)	2,60,000	40,000	3,00,000
	Other Non-Executive Directors			
6	(a) Fee for attending board /committee meetings for	--	--	--
7	(b) Commission	--	--	--
8	(c) Others	--	--	--
9	Total (2)	--	--	--
10	Total (B)=(1+2)	2,60,000	40,000	3,00,000
11	Total Managerial Remuneration	--	--	--
12	Overall Ceiling as per the Act			25,30,499

C. Remuneration to key managerial personnel other than Managing Director /Whole-time Director

(Amount in ₹)

Sl No.	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
	Gross salary	Feroza Byramji (Company Secretary resigned w.e.f 7th November, 2014)	
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961.	11,00,458	11,00,458
2	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	--	--

			(Amount in ₹)
SI No.	Particulars of Remuneration	Name of the MD/MTD/Manager	Total Amount
	Gross salary	Feroza Byramji (Company Secretary resigned w.e.f 7th November, 2014)	
3	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	--	--
4	Stock option	--	--
5	Sweat Equity	--	--
6	Commission as % of profit	--	--
7	Others	--	--

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties or punishments levied on the Company during the year. Also, there was no necessity for the Company to compound any offence.

For and on behalf of the Board
SONATA INFORMATION TECHNOLOGY LIMITED

Place : Mumbai
Date : 19th May, 2015

P SRIKAR REDDY
CHAIRMAN

ANNEXURE IV

ANNUAL REPORT ON CSR ACTIVITIES

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

Further, initiatives are focused towards those programmes that directly or indirectly, benefit the community and society at large, by enhancing the quality of life and economic well-being of the local populace through continuous efforts.

- The CSR Committee comprises of the following Members-

a) Mr. B K Syngal (Chairman);

b) Mr. P Srikar Reddy; and

c) Ms. Radhika Rajan

- Average net profits of the Company for the last three financial years is Rs. 10,29,84,227 (Rupees Ten Crores Twenty Nine Lakhs Eighty Four Thousand Two Hundred and Twenty Seven).

- Prescribed CSR Expenditure (two per cent. Of the amount as in item 3 above) is Rs. 20,59,685 (Twenty Lakhs Fifty Nine Thousand Six Hundred and Eighty Five).

- Details of CSR spent during the financial year 2014-15.

a) Total amount to be spent for the financial year 2014-15 was ₹ 20.59 lacs

b) Amount unspent was ₹ 20.59 lacs

c) Manner in which the amount spent during the financial year 2014-15 is detailed below-

Sl. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (In Lakhs)	(₹ in Lakhs)		
					Amount spent on the projects or programs Sub Heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Creation of Applications to promote Heritage sites for Intach	Protection of Art and culture	Project in Bangalore	10	NIL	NIL	NIL
2	Go Green	Environment	Program across India	5	NIL	NIL	NIL
3	Promotion of education to the impaired	Promotion of education to the impaired	Creation of a center for deaf & blind at Bangalore and providing education	5	NIL	NIL	NIL
TOTAL				20	NIL	NIL	NIL

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

MR. P SRIKAR REDDY
Chairman

MR. B K SYNGAL
Chairman of the CSR committee

ANNEXURE V

Particulars of contracts / arrangements made with related parties

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

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

There were no contracts / arrangements / transactions entered into during the year ended 31st March 2015, which were not at arm's length basis.

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

The details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2015 are as follows:

(Amount in ₹)	
Name of the related party	Sonata Software Ltd.
Nature of relationship	Holding Company
Nature of contracts/ arrangements/ transactions:	
Revenue from Software product and licenses	19,122,078
Deputation cost/Service charges	185,407,377
Rent paid	3,472,200
Inter corporate deposit taken	3,603,500,000
Inter corporate deposit repaid	3,603,500,000
Interest on inter corporate deposit paid	18,604,780
Reimbursement of expenses	6,865,947
Dividend paid	57,381,698
Corporate Guarantees taken	625,000,000

Notes:

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

For and on behalf of the Board
SONATA INFORMATION TECHNOLOGY LIMITED

Place : Mumbai
Date : 19th May, 2015

P SRIKAR REDDY
CHAIRMAN

Independent Auditors' Report

To The Members of Sonata Information Technology Limited

Report on the Financial Statements

We have audited the accompanying financial statements of SONATA INFORMATION TECHNOLOGY LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

- (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) 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:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements-Refer Note 24 to the accompanying financial statements.

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
 Chartered Accountants
 (Firm's Registration No. 008072S)

Place: Mumbai
 Date: 19th May, 2015

V. Srikumar
 Partner
 (Membership No. 84494)

Annexure to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(ii) In respect of its inventories:

- (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that most of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In our opinion and according to the information and explanation given to us, the Company has not accepted deposits during the year and does not have any unclaimed deposits. Therefore, the provision of the clause 3(v) of the Order are not applicable to the Company.

(vi) The provisions of clause 3(vi) of the Order are not applicable to the Company as the Company is not covered by the Companies (Cost Records and Audit) Rules, 2014.

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

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

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31st March, 2015 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)
Income-tax Act, 1961	Income Tax and Interest thereon	Supreme Court	AY 2001-02 and AY 2002-03	205,739,587
Income-tax Act, 1961	Income Tax and Interest thereon	Commissioner of Income Tax (Appeals)	AY 2012-13	95,577,260
Finance Act, 1994	Service Tax	CESTAT	FY 2004-05 and 2005-06	21,352,990
Karnataka VAT Act, 2003	Sales Tax	The Joint Commissioner of Commercial Taxes (Appeals), Bangalore	FY 2001-02	147,008

(d) There was no amount which was required to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 and Rules made thereunder within time.

- (viii) The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institution. The Company has neither taken any loan from banks nor has issued any debentures.
- (x) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.

- (xi) According to the information and explanations given to us, the Company did not avail any term loan during the year.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No. 008072S)

Place: Mumbai
Date: 19th May, 2015

V. Srikumar
Partner
(Membership No. 84494)

Balance Sheet

As at 31st March 2015

	Note No.	As at 31.03.2015	As at 31.03.2014
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
Share capital	3	33,753,940	33,753,940
Reserves and surplus	4	736,634,350	542,710,064
		770,388,290	576,464,004
NON-CURRENT LIABILITIES			
Other long-term liabilities	5	1,274,224	441,489
		1,274,224	441,489
CURRENT LIABILITIES			
Short-term borrowings	6	191,080,217	-
Trade payables	7	1,930,194,204	1,540,006,961
Other current liabilities	8	194,547,672	244,131,480
Short-term provisions	9	29,973,966	13,613,882
		2,345,796,059	1,797,752,323
TOTAL		3,117,458,573	2,374,657,816
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	10(i)	6,697,848	5,485,359
Deferred tax assets (net)	11	4,685,529	7,094,828
Long-term loans and advances	12	316,366,971	427,356,512
		327,750,348	439,936,699
CURRENT ASSETS			
Current investments	13	75,164,038	57,512
Inventories	14	73,331,244	12,078,752
Trade receivables	15	2,030,158,715	1,330,948,411
Cash and cash equivalents	16	302,490,181	368,461,954
Short-term loans and advances	17	274,535,555	209,936,458
Other current assets	18	34,028,492	13,238,030
		2,789,708,225	1,934,721,117
TOTAL		3,117,458,573	2,374,657,816

See accompanying notes forming part of the financial statements

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

V. Srikumar
Partner

P SRIKAR REDDY
Director

SUJIT MOHANTY
Vice President & Director

RADHIKA RAJAN
Director

B K SYNGAL
Director

Place : Mumbai
Date : 19th May 2015

Statement of Profit and Loss

For the year ended 31st March 2015

	Note No.	For the Year Ended 31.03.2015	For the Year Ended 31.03.2014
REVENUE			
Revenue from operations	19.1	10,928,686,305	10,847,403,725
Other income	19.2	36,719,165	24,518,605
Total revenue		10,965,405,470	10,871,922,330
EXPENSES			
Purchase of stock-in-trade (traded goods)		10,256,280,890	10,061,121,228
Changes in inventories of stock-in-trade	20	(61,252,492)	(4,158,575)
Employee benefits expense	21	132,170,377	394,501,310
Other expenses	22	255,716,168	136,860,375
Total expenses		10,582,914,943	10,588,324,338
Earnings before exceptional item, interest, tax, depreciation and amortization (EBITDA)		382,490,527	283,597,992
Finance costs	23	34,755,252	47,706,145
Depreciation and amortization expense	10(iii)	2,917,934	2,656,131
		37,673,186	50,362,276
Profit before exceptional item and tax		344,817,341	233,235,716
Less/(Add): Exceptional item (Interest Income on Income tax refund)		(30,355,615)	(68,374,866)
Profit before tax		375,172,956	301,610,582
Tax expense			
Current tax expense		121,455,724	105,799,278
(Excess)/short provision for tax relating to prior years		(1,792,803)	410,469
Deferred tax		2,460,131	2,779,296
Net tax expense		122,123,052	108,989,043
Profit for the year		253,049,904	192,621,539
Earnings per share - Basic and Diluted (on ₹ 10 per share)	35	74.97	57.07
See accompanying notes forming part of the financial statements			

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors

V. Srikumar
Partner

P SRIKAR REDDY
Director

SUJIT MOHANTY
Vice President & Director

RADHIKA RAJAN
Director

B K SYNGAL
Director

Place : Mumbai
Date : 19th May 2015

Cash Flow Statement

For the year ended 31st March 2015

(₹)

	For the Year Ended 31.03.2015	For the Year Ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	375,172,956	301,610,582
Adjustments for:		
Depreciation and amortization	2,917,934	2,656,131
Finance costs	34,755,252	47,706,145
Bad trade receivables written off	355,422	-
Provision for doubtful trade receivables	7,379,975	9,597,598
Advances written off	-	7,707,066
Provisions/ liabilities no longer required written back	(2,089,873)	(4,429,092)
Interest income on income tax refund	(30,355,615)	(68,374,866)
Interest income from fixed deposits with banks	(11,300,354)	(13,742,350)
Dividend income from current investments	(9,133,123)	(5,562,162)
Net loss on sale of fixed assets / scrapped	2,845	682,643
Net (gain) / loss on sale/ valuation of short-term investments	(1,801)	80,305
Unrealized foreign exchange gain (net)	(19,852,589)	(1,197,149)
Operating profit before working capital changes	347,851,029	276,734,851
Adjustments for:		
Decrease/(increase) in trade receivables	(703,587,854)	(520,708,417)
Decrease/(increase) in inventories	(61,252,492)	(4,158,575)
Decrease/(increase) in other current assets	(1,778,773)	8,671,666
Decrease/(increase) in long-term loans and advances	-	(185,167)
Decrease/(increase) in short-term loans and advances	(64,599,097)	(11,363,166)
(Decrease)/increase in trade payables	398,028,718	247,063,628
(Decrease)/increase in other current liabilities	(49,583,808)	99,805,924
(Decrease)/increase in long-term provisions	832,735	441,489
(Decrease)/increase in short-term provisions	(94,320)	647,305
Cash generated from operations:	(134,183,862)	96,949,538
Direct taxes/advance tax (paid) / refund (net)	34,762,089	550,120,579
Net cash from/ (used in) operating activities (A)	(99,421,773)	647,070,117
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(4,282,821)	(3,382,969)
Purchase of current investments (net)	(75,104,725)	(137,817)
Bank balances not considered as Cash and cash equivalents	5,079,468	(42,745,199)
Interest received	10,037,299	8,791,483
Dividend received	9,133,123	5,562,162
Net cash used in investing activities (B)	(55,137,656)	(31,912,340)

(₹)

	For the Year Ended 31.03.2015	For the Year Ended 31.03.2014
C. CASH FLOW FROM FINANCING ACTIVITIES		
Short-term borrowings from banks (net)	191,080,217	-
Inter corporate loan from holding company (net)	-	(280,000,000)
Dividends paid on equity shares	(57,381,698)	(50,630,910)
Dividend taxes paid on equity shares	(7,288,826)	(8,604,724)
Finance costs	(34,755,252)	(52,289,834)
Net cash from/(used in) financing activities (C)	91,654,441	(391,525,468)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(62,904,988)	223,632,309
Opening Cash and cash equivalents (Refer Note 16)	281,684,271	58,109,684
Exchange difference on translation of foreign currency Cash and cash equivalents	2,012,683	(57,722)
Closing Cash and cash equivalents (Refer Note 16)	220,791,966	281,684,271
Cash and Cash equipments at the end of the year comprises		
Cheques, drafts on hand	10,000	32,758
Balance with banks		
In Current accounts	83,944,511	45,928,057
In EEFC accounts	16,837,455	5,723,456
In demand deposits accounts	120,000,000	230,000,000
	220,791,966	281,684,271

See accompanying notes forming part of the financial statements (1 - 37)

In terms of our report attached
For **Deloitte Haskins & Selis**
Chartered Accountants

For and on behalf of the Board of Directors

V. Srikumar
Partner

P SRIKAR REDDY
Director

SUJIT MOHANTY
Vice President & Director

RADHIKA RAJAN
Director

B K SYNGAL
Director

Place : Mumbai
Date : 19th May 2015

Notes forming part of financial statements

1. Corporate information

Sonata Information Technology Limited ("SITL" or the "Company") is a Company registered in India with its registered office at Mumbai and operationally headquartered at Bangalore. SITL is a wholly owned subsidiary of Sonata Software Limited and is primarily engaged in the business of providing Information Technology Solutions, software development services and re-selling products of reputed companies such as Microsoft, IBM and Oracle etc to its customers in India and the Asia Pacific region.

2. Significant accounting policies

a. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

c. Inventories

Inventories are valued at lower of cost (weighted average) and the net realizable value.

d. Depreciation / Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

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

Leasehold improvements are amortized over the primary lease period.

Computer software are amortized over a period of 3 years on straightline method.

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changes, if any.

e. Revenue recognition

Revenues from sale of hardware/software product and licenses are recognised on transfer of significant risks and rewards of ownerships to the buyers, which generally coincides with delivery where there is no customisation required. In case of customisation the same is recognised over the life of the contract using the proportionate completion method with contract costs determining the degree of completion. Forseeable losses on such contracts are recognised when probable.

Revenue from contracts priced on a time and material basis are recognised when services are rendered and related costs are incurred.

Revenues from fixed price contracts are 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.

Revenues from maintenance contracts are recognised pro-rata over the period of the contract.

Revenues are reported net of discounts.

Dividend income is recognised when the right to receive it is established. Interest income is accounted on accrual basis.

f. Fixed Assets (Tangible/Intangible)

Fixed assets are carried at cost less accumulated depreciation / amortization and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use. Subsequent expenditure, if any, on fixed assets after its purchase / completion is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

g. Foreign currency transactions and translations

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the exchange rate prevalent at the date of Balance sheet. Exchange differences arising on foreign currency transactions are recognized as income or expense in the year which they arise.

Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortized over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Exchange difference on such contracts are recognised in the Statement of Profit and Loss of the reporting period in which the exchange rate changes. Any profit or loss arising

on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

h. Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity and compensated absences.

Defined contribution plans

The Company's contribution to provident fund, superannuation fund and employee state insurance are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plan

For defined benefit plan in the form of gratuity, the cost of providing benefits is determined using the Projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

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.

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.

i. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases. Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

j. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. For the purpose of computing diluted earnings per share, profit / (loss) after tax (including the post tax effect of extraordinary items, if any) and the weighted average number of equity shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

k. Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognized on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognized for all timing differences. Deferred tax assets are recognized for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realized. However, if there is unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realize the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognized in reserves and not in the Statement of Profit and Loss.

l. Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of

such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss.

m. Provisions and contingencies

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognized in the financial statements.

n. Hedge Accounting

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to firm commitments/ highly probable forecast transactions. The Company designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in "Accounting Standard 30 Financial Instruments: Recognition and Measurement" issued by the Institute of Chartered Accountants of India. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognized directly in "Hedging reserve" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognized immediately in the Statement of Profit and Loss. Amounts accumulated in the "Hedging reserve" are reclassified to the Statement of Profit and Loss in the same periods during which the committed/ forecasted transaction affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For committed/ forecasted transaction, any cumulative gain or loss on the hedging instrument recognized in "Hedging reserve" is retained until the committed/ forecasted transaction occurs. If the committed/ forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in "Hedging reserve" is immediately transferred to the Statement of Profit and Loss.

o. Operating Cycle

Based on the nature of products/ activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

3 : Share capital

	(₹)	
	As at 31.03.2015	As at 31.03.2014
Authorized		
10,000,000 equity shares of ₹ 10/- each (As at 31.03.2014 : 10,000,000 equity shares of ₹ 10/- each)	100,000,000	100,000,000
Issued		
6,000,700 equity shares of ₹ 10/- each (As at 31.03.2014 : 6,000,700 equity shares of ₹ 10/- each)	60,007,000	60,007,000
Subscribed and paid-up		
3,375,394 equity shares of ₹ 10/- each (As at 31.03.2014 : 3,375,394 equity shares of ₹ 10/- each)	33,753,940	33,753,940
Total	33,753,940	33,753,940
Refer notes (i) to (iv) below		

Notes :

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

	Opening balance	Fresh issue/Other changes	Closing balance
Equity shares with voting rights			
Year ended 31st March 2015			
Number of shares	3,375,394	-	3,375,394
Amount in ₹	33,753,940	-	33,753,940
Equity shares with voting rights			
Year ended 31st March 2014			
Number of shares	3,375,394	-	3,375,394
Amount in ₹	33,753,940	-	33,753,940

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

The Company has 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 1956 Act/the 2013 Act, read together with the Memorandum of Association and Articles of Association of the Company, as applicable.

iii) Details of shares held by Holding Company

	As at 31.03.2015	As at 31.03.2014
Equity shares with voting rights Sonata Software Limited and its nominees - Holding Company	3,375,394	3,375,394

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

	As at 31.03.2015	As at 31.03.2014
Sonata Software Limited and its nominees - Holding Company	3,375,394	3,375,394
No. of shares held		
% of holding	100%	100%

4 : Reserves and surplus

	As at 31.03.2015	As at 31.03.2014
Capital redemption reserve	26,253,060	26,253,060
General reserve		
Opening balance	20,000,000	-
Add: Transfer from surplus in Statement of Profit and Loss	25,000,000	20,000,000
Closing balance	45,000,000	20,000,000
Hedging reserve		
Opening balance	-	-
Add: Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	9,018,175	-
Closing balance	9,018,175	-
Surplus in Statement of Profit and Loss		
Opening balance	496,457,004	383,071,099
Less: Depreciation on transition to Schedule II of the 2013 Act on tangible fixed assets with nil remaining useful life (Net of deferred tax) (Refer Note 10(iv))	98,719	-
Profit for the year	253,049,904	192,621,539
Less:		
Interim/Final dividend (₹ 17/- equity share)	57,381,698	50,630,910
(Previous year ₹ 15/- equity share)		
Tax on dividend	10,663,376	8,604,724
Transfer to general reserve	25,000,000	20,000,000
Closing balance	656,363,115	496,457,004
Total	736,634,350	542,710,064

5 : Other long-term liabilities

	As at 31.03.2015	As at 31.03.2014
Provision for rent equalization	1,274,224	441,489
Total	1,274,224	441,489

6 : Short-term borrowings

	As at 31.03.2015	As at 31.03.2014
Term loan		
From other than bank - Unsecured	191,080,217	-
Note : Loan is due for payment in August 2015.		
Total	191,080,217	-

7 : Trade payables

	As at 31.03.2015	As at 31.03.2014
Trade payables - other than acceptances (Refer Note 26)	1,930,194,204	1,540,006,961
Total	1,930,194,204	1,540,006,961

8 : Other current liabilities

	As at 31.03.2015	As at 31.03.2014
Gratuity (Refer Note 31)	899,972	-
Other payables		
Statutory remittances	172,479,523	224,152,667
Payable on purchase of fixed assets	745,000	745,000
Advances from customers	14,392,636	17,702,466
Reimbursable expenses payable to related party (Refer Note 33)	1,491,658	-
Others	4,538,883	1,531,347
Total	194,547,672	244,131,480

9 : Short-term provisions

	As at 31.03.2015	As at 31.03.2014
Provision for employee benefits - Compensated absences	2,224,594	2,318,914
Provision for tax (net of advance tax - ₹ 242,000,908/- (as at 31.03.2014 - ₹ 122,822,819/-) and net of MAT credit - ₹ 15,427,205/- (as at 31.03.2014 - ₹ 12,595,022))	24,374,822	11,294,968
Provision for tax on proposed dividends	3,374,550	-
Total	29,973,966	13,613,882

10 : FIXED ASSETS

10(i) Tangible assets

(₹)

Particulars *	Gross block			Accumulated depreciation					Net block		
	Cost as at 01.04.2014	Additions	Deductions / adjustments	Cost as at 31.03.2015	Upto 31.03.2014	For the year	Deductions / adjustments	Transition adjustment recorded against Surplus in Statement of Profit & Loss	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Leasehold improvements	2,230,601 (3,826,190)	- (412,889)	- (2,008,478)	2,230,601 (2,230,601)	1,855,352 (3,669,399)	83,511 (194,440)	- (2,008,478)	- (-)	1,938,863 (1,855,352)	291,738 (375,249)	375,249
Plant and equipments	13,727,227 (24,920,824)	4,004,888 (2,034,953)	675,122 (13,228,550)	17,056,993 (13,727,227)	9,836,870 (20,926,959)	2,360,713 (2,129,315)	675,122 (13,219,404)	- (-)	11,522,461 (9,836,870)	5,534,532 (3,890,357)	3,890,357
Furniture and fixtures	607,182 (2,181,239)	- (350,803)	- (1,924,860)	607,182 (607,182)	236,890 (1,577,352)	98,771 (187,179)	- (1,527,641)	- (-)	335,661 (236,890)	271,521 (370,292)	370,292
Office equipments	1,799,894 (2,164,043)	277,933 (584,324)	70,029 (948,473)	2,007,798 (1,799,894)	950,433 (1,495,929)	374,939 (126,699)	67,182 (672,195)	149,551 (-)	1,407,741 (950,433)	600,057 (849,461)	849,461
Total	18,364,904 (33,092,296)	4,282,821 (3,382,969)	745,151 (18,110,361)	21,902,574 (18,364,904)	12,879,545 (27,669,630)	2,917,934 (2,637,633)	742,304 (17,427,718)	149,551 (-)	15,204,726 (12,879,545)	6,697,848 (5,485,359)	5,485,359

Previous year figures are in brackets

10 (ii) Intangible Assets

(₹)

Particulars *	Gross block			Accumulated amortization					Net block		
	Cost as at 01.04.2014	Additions	Deductions / adjustments	Cost as at 31.03.2015	Upto 31.03.2014	For the year	Deductions / adjustments	Transition adjustment recorded against Surplus in Statement of Profit & Loss	As at 31.03.2015	As at 31.03.2015	As at 31.03.2014
Computer software - purchased	1,960,101 (2,167,670)	- (-)	- (207,569)	1,960,101 (1,960,101)	1,960,101 (2,149,170)	- (18,498)	- (207,567)	- (-)	1,960,101 (1,960,101)	- (-)	-
Total	1,960,101 (2,167,670)	- (-)	- (207,569)	1,960,101 (1,960,101)	1,960,101 (2,149,170)	- (18,498)	- (207,567)	- (-)	1,960,101 (1,960,101)	- (-)	-

Previous year figures are in brackets

* Represents owned unless otherwise stated

10 (iii) Depreciation and amortization expense

(₹)

Particulars	For the year ended 31.03.2015	For the year ended 31.03.2014
Depreciation on Tangible assets		
As per Note 10(i)	2,917,934	2,637,633
Amortization on Intangible assets		
As per Note 10(ii)	-	18,498
Total	2,917,934	2,656,131

10 (iv) During the year, pursuant to the notification of Schedule II to the 2013 Act with effect from 01.04.2014, the Company revised the estimated useful life of its assets to align the useful life with those specified in Schedule II. Further, assets individually costing ₹ 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on the useful life considered by the Company for the respective category of assets.

Pursuant to the transition provisions prescribed in Schedule II to the 2013 Act, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on 01.04.2014, and has adjusted an amount of ₹ 98,719/- (net of tax) against the opening balance in Surplus in Statement of Profit & Loss under Reserves and surplus.

The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 3,129/- consequent to the change in the useful life of the assets.

11 : Deferred tax assets (net)

	As at 31.03.2015	As at 31.03.2014
Tax effects on		
Difference between book balance and tax balance of fixed assets	421,929	615,548
Others	4,263,600	6,479,280
Total	4,685,529	7,094,828

12 : Long-term loans and advances

	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good unless otherwise stated		
Security deposits	4,701,925	4,701,925
Other deposits	420,739	420,739
Balances with Government authorities - Receivable from customs authority	21,891,299	21,891,299
Advance Tax (net of provision for tax - ₹ 213,988,342/- (as at 31.03.2014 - ₹ 213,988,342/-))	289,353,008	400,342,549
Other recoverables	12,500,000	12,500,000
Less : Allowance for doubtful recoverable	12,500,000	12,500,000
Total	316,366,971	427,356,512

13 : Current investments

	As at 31.03.2015	As at 31.03.2014
Non-trade Investments in mutual funds (unquoted) - At lower of cost and fair value, unless otherwise stated		
IDFC Cash Fund- Daily Dividend - (Direct Plan) 25,029.43 units at ₹ 1000.54 per unit (As at 31.03.2014 - Nil)	25,042,907	-
Tata Money Market Fund Direct Plan - Daily Dividend 30,025.69 units at ₹ 1001.52 per unit (As at 31.03.2014 - Nil)	30,071,293	-
Reliance Liquid Fund - Cash Plan - Direct Plan Daily Dividend Option - CPAD 17,995.64 units at ₹ 1114.15 per unit (As at 31.03.2014 - Nil)	20,049,838	-
Infrastructure Development Finance Company Money Manager Fund	-	57,512

	As at 31.03.2015	As at 31.03.2014
- Treasury Plan - Daily Dividend - (Regular Plan) Nil units (As at 31.03.2014 - 5,711.26 units at ₹ 10.07 per unit)		
Total	75,164,038	57,512
Aggregate cost of unquoted investments	75,164,038	57,512

14 : Inventories

	As at 31.03.2015	As at 31.03.2014
Stock-in-trade - Hardware/ Software product and licenses	73,331,244	12,078,752
Total	73,331,244	12,078,752

15 : Trade receivables

	As at 31.03.2015	As at 31.03.2014
Unsecured		
Trade receivable outstanding for a period exceeding six months from the date they are due for payment		
Considered good	86,928,527	22,916,528
Considered doubtful	7,379,975	12,173,912
	94,308,502	35,090,440
Less : Provision for doubtful trade receivables	7,379,975	12,173,912
	86,928,527	22,916,528
Other trade receivables :		
Considered good	1,943,230,188	1,308,031,883
Total	2,030,158,715	1,330,948,411

16 : Cash and cash equivalents

	As at 31.03.2015	As at 31.03.2014
Cheques, drafts on hand	10,000	32,758
Balances with banks		
In current accounts	83,944,511	45,928,057
In EEFC accounts	16,837,455	5,723,456
In demand deposit accounts	120,000,000	230,000,000
In earmarked accounts		
Balance held as Margin money or security against borrowings	81,698,215	86,777,683
The balance that meet the definition of Cash and cash equivalents as per AS-3 Cash flow Statement is ₹ 220,791,966/- (As at 31.03.2014 is ₹ 281,684,271/-)		
Total	302,490,181	368,461,954

17: Short-term loans and advances

	As at 31.03.2015	As at 31.03.2014
Unsecured, considered good		
Loans and advances to related parties - Advances recoverable (Refer Note 33)		9,823,657
Security deposits	200,000	890,000
Other deposits	6,600,802	4,396,830
Loans and advances to employees	189,509	140,931
Prepaid expenses	1,784,268	5,703,168
Gratuity (Refer Note 31)	-	859,392
Balances with Government authorities		
Receivable from service tax authority	10,982,527	51,602,638
VAT credit receivable	25,116,126	10,993,124
Service tax credit receivable	229,432,471	125,280,928
Other recoverables	229,852	245,790
Total	274,535,555	209,936,458

18: Other current assets

	As at 31.03.2015	As at 31.03.2014
Unbilled revenue	9,244,778	7,466,005
Interest accrued on bank deposits	7,035,080	5,772,025
Unrealised Gain on forward contracts	17,748,634	-
Total	34,028,492	13,238,030

19.1: Revenue from operations

	For the year ended 31.03.2015	For the year ended 31.03.2014
Revenue from hardware/software product and licenses	10,706,852,885	10,584,747,001
Revenue from software services	221,833,420	262,656,724
Total	10,928,686,305	10,847,403,725

19.2: Other income

	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest income from fixed deposits with banks	11,300,354	13,742,350
Dividend income from current investments	9,133,123	5,562,162
Net gain on sale of current investments	1,801	-

(₹)

	For the year ended 31.03.2015	For the year ended 31.03.2014
Net gain on foreign currency transactions	9,612,715	-
Other non-operating income		
Provisions/liabilities no longer required written back	2,089,873	4,429,092
Miscellaneous income	4,581,299	785,001
Total	36,719,165	24,518,605

20: Changes in inventories of stock-in-trade

	For the year ended 31.03.2015	For the year ended 31.03.2014
Opening Stock		
Stock-in-trade - hardware/software product and licenses	12,078,752	7,920,177
	12,078,752	7,920,177
Closing Stock		
Stock-in-trade - hardware/software product and licenses	73,331,244	12,078,752
	73,331,244	12,078,752
(Increase) / decrease in inventories	(61,252,492)	(4,158,575)

21: Employee benefits expense

	For the year ended 31.03.2015	For the year ended 31.03.2014
Salaries, wages, bonus and allowances	97,991,984	108,808,344
Contribution to provident fund and other funds (Refer Note 31)	7,704,342	4,726,267
Staff welfare expenses	1,476,670	1,462,815
	107,172,996	114,997,426
Deputation cost/Service charges from holding company (Refer Note 33)	24,997,381	279,503,884
Total	132,170,377	394,501,310

22: Other expenses

	For the year ended 31.03.2015	For the year ended 31.03.2014
Power and fuel	1,003,911	1,267,016
Rent (Refer Note 34)	11,425,206	10,912,722
Repairs and maintenance - machinery	478,206	562,267
Insurance	5,009,190	364,087
Rates and taxes	7,379,040	3,386,977
Communication cost	3,246,259	3,280,395

	(₹)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Facility maintenance	3,548,593	4,444,556
Travelling and conveyance expenses	14,552,266	13,967,214
Sales commission	14,511,905	19,659,695
Professional and technical fees	11,778,128	18,058,662
Software project fees from holding company (Refer Note 33)	149,937,951	-
Legal fees	1,768,956	538,500
Insourcing professional fees	192,000	-
Payment to auditors (Refer Note below)	2,020,000	2,021,527
Net loss on foreign currency transaction and translation	-	5,683,310
Net loss on sale of fixed assets/scrapped	2,845	682,643
Net loss on valuation of short term investments	-	80,305
Bad trade receivables written off	12,529,334	-
Less : Provisions released	12,173,912	-
	355,422	-
Provision for doubtful trade receivables	7,379,975	9,597,598
Advances written off	-	7,707,066
Miscellaneous expenses	10,654,270	13,130,078
	245,244,123	115,344,618
Service charges from holding company (Refer Note 33)	10,472,045	21,515,757
Total	255,716,168	136,860,375
Note - Payment to auditors comprises (net of service tax input credit):		
Statutory audit	1,700,000	1,550,000
Other services	320,000	400,000
Reimbursement of expenses	-	71,527
	2,020,000	2,021,527
The Company avails input credit for service tax and hence no service tax expense was accrued		

23 : Finance costs

	(₹)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Interest expenses on:		
Borrowings	5,190,891	2,111,969
Inter corporate deposit	18,604,781	25,022,117
Others	340,942	23,386
Other borrowing costs	10,618,638	20,548,673
Total	34,755,252	47,706,145

24 : Contingent liabilities

	(₹)	
	As at 31.03.2015	As at 31.03.2014
a) Disputed demand of Karnataka Sales Tax	294,017	294,017
b) Disputed demand of Service Tax	21,352,990	21,352,990
The demand for payment of service tax on repair service relating to software is based on Board circular of the department issued with retrospective effect. The Company had filed appeal before Customs, Excise and Service Tax Appellate Tribunal (CESTAT) and had got stay on recovery until disposal of appeal. It is confident of getting favorable outcome based on legal precedents which supports its stand.		
c) Disputed demands of Income-tax	3,335,057,176	2,500,916,769

Details of disputed demands of Income-tax by issue and by year are as below:

(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:

- ₹402,964,082 (As at 31.03.2014 - ₹319,683,404) for the financial years 2001-02, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08. The Company has received favorable orders from the Income Tax Appellate Tribunal. The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.
- ₹ 212,999,547 (As at 31.03.2014 - ₹ 111,904,892) for the financial year 2010-11 and 2011-12. The Company has preferred an appeal to the Commissioner of Income-tax (Appeals).
- ₹ Nil (As at 31.03.2014 - ₹ 98,468,823) for the financial year 2008-09. During the year, the Company has received favorable orders from the Income Tax Appellate Tribunal.

- iv. ₹91,884,882 (As at 31.03.2014 - ₹ Nil) for the financial year 2009-10. The Company had received favourable order from the Commissioner of Income Tax (Appeals). During the year, the Income-tax department has preferred an appeal to the Income Tax Appellate Tribunal.
- v. ₹44,659,336 (As at 31.03.2014 - ₹ 44,659,336) 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. During the year, the Honorable High Court of Mumbai admitted the appeal.

(ii) Withholding tax demand

The Company is engaged in the business of buying and selling packaged software in India. The Income-tax department has been contending that amounts paid by the Company for buying the software products is in the nature of 'Royalty' and hence had to withhold income-tax on the same as per the Income-tax Act, 1961, and had raised demands of ₹218,239,587 (As at 31.03.2014 - ₹218,239,587) for the financial years 2000-01 and 2001-02. The Company's contention has been that the payments were made for purchase of 'Goods' and hence was under no obligation to withhold income-tax on the same. The Company had received favorable orders from the Income Tax Appellate Tribunal which were reversed by the Honorable High Court of Karnataka. The Company had preferred a Special Leave Petition Appeal on the said order to the Honorable Supreme Court of India, which had been admitted. However, for these years one of the principal suppliers of software to the Company had paid taxes of ₹128,598,266 out of the above demand. The amount included as disputed demand is excluding the amount paid by the supplier.

(iii) Disallowance of payments made for purchase of software on which income-tax was not withheld.

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

The Honorable High Court of Karnataka had given an unfavorable decision on the issue covered in (ii) above.

However, the said demands which are consequential and penal in nature do not arise automatically and there are multiple legal precedents in favor of the Company. Based on legal opinions and feedback from its legal counsels, the Company is confident of a favorable outcome on these consequential demands.

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

₹ 2,364,309,742 (As at 31.03.2014 - ₹ 1,707,960,727) of tax demand for the financial year 2001-02, 2002-2003, 2006-07 and 2007-08. The Company had received a favorable order from the Income Tax Appellate Tribunal. The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.

25 : Commitments

	As at 31.03.2015	As at 31.03.2014
(i) Estimated amount of contracts remaining to be executed on capital account and not provided for	244,960	187,685
(ii) Other commitments - purchase contracts	47,098,133	1,48,632,488

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

There are no Micro and Small Enterprises, to whom the Company owes dues which are outstanding as at the Balance Sheet date. The information has been identified to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

27 : Details on derivative instruments and unhedged foreign currency

- i) Forward exchange contracts (being derivative Instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain receivables. The following are the outstanding forward exchange contracts entered into by the Company and outstanding as at 31.03.2015 (Previous year figures are in brackets).

Currency	Amount	Buy / Sell	Cross currency
USD	14,195,868	Sell	Rupees
	(-)	Sell	Rupees

ii) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

	As at 31.03.2015		As at 31.03.2014		Currency
	Receivable / (Payable) (₹)	Receivable/ (Payable) in Foreign currency	Receivable / (Payable) (₹)	Receivable/ (Payable) in Foreign currency	
Trade receivables	9,818,562	157,097	11,570,730	193,200	USD
	3,036,266	32,839	-	-	GBP
Short-term loans and advances	-	-	101,573	1,696	USD
Trade payables	(315,875)	(3,416)	(340,131)	(3,416)	GBP
	(47,186,120)	(754,978)	(32,691,850)	(545,865)	USD

28 : Value of imports calculated on CIF basis

	(₹)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Fixed assets	-	1,274,621
Stock-in-trade - Hardware/ Software product and licenses	3,133,888,667	5,649,177,058

29 : Expenditure in foreign currency

	(₹)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Travelling and conveyance expenses	395,814	179,015
Others	2,052,174	269,306

30 : Earnings in foreign exchange

	(₹)	
	For the year ended 31.03.2015	For the year ended 31.03.2014
Export of goods calculated on FOB basis	94,924,564	103,270,140
Export of services	2,035,216	5,339,651

31 : Employee benefit plans

i) Defined contribution plans

a) Provident fund

The Company makes contributions towards a Provident Fund under a defined contribution plan for qualifying employees. The Provident Fund is administered by the Trustees of Sonata Software Limited Provident Fund and by the Regional Provident Fund Commissioner. Under this

scheme, the Company is required to contribute a specified percentage of payroll cost to fund the benefits.

The Rules of the Company's Provident Fund administered by the Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Company. Having regard to the assets of the Fund and the return on the investments, the Company does not expect any deficiency in the foreseeable future. There has also been no such deficiency since the inception of the Fund.

Provident Fund contributions amounting to ₹ 3,214,262 (for the year ended 31.03.2014 ₹ 3,311,571), National Pension Scheme contribution amounting to ₹ 119,781 (for the year ended 31.03.2014 ₹ 309,049) have been charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense).

- b) During the year the Company has recognised the following amounts in the Statement of Profit and Loss Employers contribution to

	(₹)	
	Year ended 31.03.2015	Year ended 31.03.2014
Employee's State Insurance (as part of Staff welfare expenses in Note 21 Employee benefits expense)	36,851	31,431
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense)	1,735,701	1,965,039

ii) Defined benefit plans - Gratuity

	(₹)	
	Year ended 31.03.2015	Year ended 31.03.2014
As per actuarial valuation		
Change in Obligation during the year		
Present value of Defined Benefit Obligation at beginning of the year	11,065,468	11,911,407
Current Service Cost	1,007,201	1,075,547
Interest Cost	1,037,941	952,913
Actuarial (Gains)/Losses	3,145,580	(1,931,329)
Benefits Paid	(2,532,951)	(943,070)
Present value of Defined Benefit Obligation at the end of the year	13,723,239	11,065,468
Change in Assets during the year		
Plan assets at the beginning of the year	11,924,860	11,438,810
Expected return on plan assets	1,037,462	995,176
Contributions by Employer	875,234	472,597
Actual benefits paid	(2,532,951)	(943,070)
Actuarial Gains/ (Losses)	1,518,662	(38,653)
Plan assets at the end of the year	12,823,267	11,924,860
Actual return on plan assets	2,556,124	956,523
Net Asset/(Liability) recognized in the Balance Sheet		
Present Value of Defined Benefit Obligation	13,723,239	11,065,468
Fair value of plan assets	12,823,267	11,924,860
Fund status (Surplus/(Deficit))	(899,972)	859,392
Net Assets/(Liability)	(899,972)	859,392
Expenses recognized in the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense)		

	(₹)	
	Year ended 31.03.2015	Year ended 31.03.2014
Current Service Cost	1,007,201	1,075,547
Interest Cost	1,037,941	952,913
Expected return on plan assets	(1,037,462)	(995,176)
Net Actuarial (Gains)/Losses	1,626,918	(1,892,676)
Total Expense	2,634,598	(859,392)
The major categories of plan assets as a percentage of total plan		
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	18.0%	32.0%
Defensive Fund	37.2%	32.0%
Balanced Fund	44.8%	36.0%
Actuarial Assumptions:		
Discount Rate	7.97%	9.38%
Rate of return on plan assets	7.97%	8.70%
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Retirement Age	60 Years	60 Years
Salary Escalation	5.00%	5.00%
Estimate of amount of contribution in the immediate next year	2,167,858	147,819

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

	(₹)				
Particulars	31.03.2015	31.03.2014	31.03.2013	31.03.2012	31.03.2011
Present value of defined benefit obligation	13,723,239	11,065,468	11,911,407	10,305,612	8,488,481
Fair value of plan assets	12,823,267	11,924,860	11,438,810	10,686,206	10,398,244
Surplus / (deficit)	(899,972)	859,392	(472,597)	380,594	1,909,763
Experience adjustments on plan liabilities - (gain)/losses	2,485,044	(328,363)	620,425	4,444,030	16,312,459
Experience adjustments on plan assets - (losses)/gain	1,518,662	(38,653)	(129,426)	(4,130,842)	(1,680,031)

32 : Segment reporting

The Company is engaged in the business of hardware/software product and licenses including related services in India which constitutes a single business segment. The Company's operations outside India did not exceed the quantitative threshold for disclosure envisaged in Accounting Standard (AS 17) on "Segment Reporting".

In view of the above, primary and secondary reporting disclosure for business/ geographical segment, as envisaged in AS 17 are not applicable to the company.

33 : Related party disclosure

i. Details of related parties :

Description of relationship	Names of related parties
(a) Holding Company	Sonata Software Limited
(b) Key Management Personnel (KMP)	Mr. P Srikar Reddy, Director. Mr. Sujit Mohanty, Vice President & Director.

ii. Transactions with related parties :

Particulars	Holding Company		KMP	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Revenue from Software product and licenses	19,122,078	23,454,567		
Deputation cost/ Service charges/ Software project fees	185,407,377	301,019,641		
Rent paid	3,472,200	1,495,124		
Inter corporate deposit taken	3,603,500,000	3,777,000,000		
Inter corporate deposit repaid	3,603,500,000	4,057,000,000		
Interest on inter corporate deposit paid	18,604,780	25,022,117		
Reimbursement of expenses	6,865,947	11,321,230		
Dividend paid	57,381,698	50,630,910		
Corporate Guarantees taken	625,000,000	50,000,000		
Remuneration paid - Mr. Sujit Mohanty, Vice President & Director			7,306,701	6,456,048

Balances outstanding at the end of the year

Other current liabilities	1,491,658	-		
Advances recoverable	-	9,823,657		
Remuneration payable	-	-	664,246	581,580
Corporate Guarantees taken	675,000,000	50,000,000		

34 : Details of leasing arrangements

- i. The Company has entered into various operating lease agreements for office premises, residential premises and guest houses. These leases are cancellable as well as non-cancellable and are for a period of 11 months to 108 months and may be renewed based on mutual agreement of the parties.
- ii. The total of future minimum lease payments for non-cancellable operating leases are as below :

	31.03.2015	31.03.2014
Not later than one year	2,472,048	5,475,822
Later than one year and not later than 5 years	2,427,744	6,413,470
Later than 5 years	-	-

- iii. The lease payments recognised in the Statement of Profit and Loss are as under :

	31.03.2015	31.03.2014
included in Rent (Refer Note 22)	11,425,206	10,912,722
included in facility maintenance (Refer Note 22)	-	447,443
	11,425,206	11,360,165

- iv. There are no rents which are contingent in nature.

35 : Earnings Per Share

Particulars	31.03.2015	31.03.2014
Profit attributable to equity shareholders (₹)	2,53,049,904	192,621,539
Weighted average number of Equity Shares of ₹ 10/- each	3,375,394	3,375,394
Earnings Per Share - Basic and Diluted (₹)	74.97	57.07

36 : Expenditure on corporate social responsibility activities

- i. Gross amount required to be spent by the company during the year ₹ 2,059,685/-
- ii. Amount spent during the year ₹ Nil/-

- 37 : Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

P SRIKAR REDDY
Director

SUJIT MOHANTY
Vice President & Director

RADHIKA RAJAN
Director

B K SYNGAL
Director

Place: Mumbai
Date: 19th May 2015

SHAREHOLDERS' INFORMATION FOR FY 2014-15

1. Annual General Meeting

The next Annual General Meeting of the Company will be held on Friday, 31st July, 2015 at 4.00 p.m. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001. Ph : (022) 22844350.

2. Financial Year

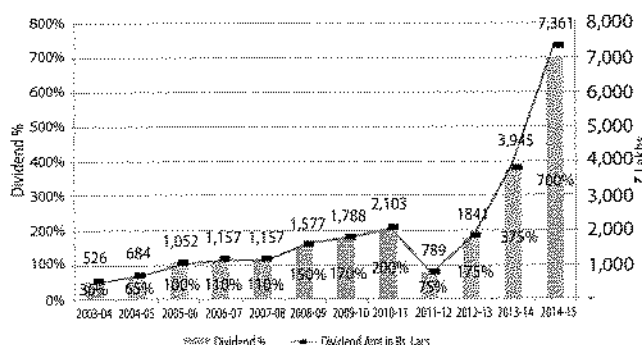
The Financial Year of the Company is from 1st April, 2014 to 31st March, 2015.

3. Book Closure

The Register of Members and Share Transfer Books will remain closed from 24th July, 2015 to 31st July, 2015 (both days inclusive) to determine the entitlement of shareholders to receive the final Dividend as may be declared for the Financial Year that ended on 31st March, 2015.

4. Payment of Dividend

The final Dividend as recommended by the Board of ₹ 4.25 per equity share for the Financial Year ended 31st March, 2015, if approved at the forthcoming Annual General Meeting, will be paid on or after 10th August, 2015 to those Members whose names appear in the Register of Members as on 23rd July, 2015. Dividend in respect of shares held in the electronic form will be payable to the beneficial owners of the shares as on 23rd July, 2015 as per details furnished by Depositories for this purpose.



5. Listing on Stock Exchanges & Stock Code

- (a) Your Company's Equity Shares are listed & traded on the following stock exchanges :

Bombay Stock Exchange Ltd (BSE)

National Stock
Exchange of
India Ltd (NSE)

Phiroze Jeejeebhoy Towers Exchange Plaza, 5th Floor,
Dalal Street, Fort Plot No.C/1, G Block,
Mumbai – 400 001 Bandra-Kurla Complex,
Bandra(E) Mumbai – 400 051

Stock Code : 532221

Stock Code : Sonatsoftw

- (b) Listing fees for the Financial Year 2014-15 have been paid to above stock exchanges.

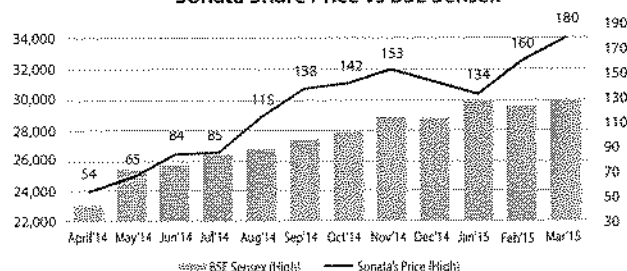
- (c) As on 31st March, 2015, your Company had 34,930 shareholders.

6. Stock Market Data

- (a) Market Capitalization as on 31st March, 2015 : ₹ 1874 Crores (based on closing price in BSE)
- (b) Number of shares traded during FY 2014-15: BSE : ₹ 362 Lakhs & NSE : ₹ 1073 Lakhs
- (c) The monthly high and low quotations of shares traded at BSE and NSE during Financial Year 2014-15 and performance in comparison with BSE Sensex are as given below :

Month	BSE		NSE		BSE Sensex	
	High (₹)	Low (₹)	High (₹)	Low (₹)	High	Low
April'14	54.00	43.60	53.90	43.55	22939	22198
May'14	65.25	40.95	65.20	40.40	25376	22277
June'14	84.00	59.65	83.75	60.05	25725	24270
July'14	84.80	71.00	84.85	71.10	26300	24892
Aug'14	114.65	68.30	114.75	67.30	26674	25233
Sep'14	137.80	108.30	137.90	108.00	27355	26220
Oct'14	142.45	117.45	142.25	117.50	27894	25911
Nov'14	153.05	133.20	153.20	133.45	28822	27740
Dec'14	143.00	122.10	138.85	122.25	28809	26469
Jan'15	134.20	120.50	134.20	120.00	29844	26776
Feb'15	160.00	121.00	160.00	120.75	29560	28044
Mar'15	179.55	142.9	179.55	144.50	30025	27248

Sonata Share Price Vs BSE Sensex



9. Dematerialization of shares and liquidity

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

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

Details of Shares held in Physical and Electronic form :

Particulars	As on 31 st March, 2015		As on 31 st March, 2014	
	No. of Shares	% of holding	No. of Shares	% of holding
Physical	2694494	2.56	2997560	2.85
Electronic	102464812	97.44	102161746	97.15
Total	105159306	100.00	105159306	100.00

Number of Shares dematerialized during Financial Year 2014-15 : 303066 Shares.

Number of Shares rematerialized during Financial Year 2014-15 : 160 Shares.

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

11. Office Locations

The addresses and contact details of offices/locations are given on the last page of this Report.

No. of employees as on 31st March, 2015: 3018

12. Tentative financial calendar for FY 2015-16

Financial results for the first quarter ending June 30, 2015	August, 2015
Financial results for the second quarter ending September 30, 2015	Nov, 2015
Financial results for the third quarter ending December 31, 2015	Feb, 2016
Financial results for the financial year ending March 31, 2016	May, 2016
Annual General Meeting for the year ending March 31, 2016	August, 2016

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

Company Secretary
Sonata Software Ltd
APS Trust Building, Bull Temple Road
N R Colony, Bangalore - 560 019, India
Tel: (080) 67782408 Fax: (080) 26610972
Email : investor@sonata-software.com
Website : www.sonata-software.com

Karvy Computershare Pvt Ltd
Registrars and Share Transfer Agents
Karvy Selenium Tower B, Plot No.31-32
Gachibowli, Financial District, Nanakramguda,
Hyderabad - 500 032, India Tel : (080) 67782408
Tel : (040) 67161591 Fax : (040) 23420814
Email : inward.ris@karvy.com
Website : www.karvycomputershare.com

7. Share Transfer System / Investor Service

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

Total number of physical shares transferred during Financial Year 2014-15:

Transfer period	No. of transferees (Folios)	No. of shares	Percentage
1-15 days	7	17100	100
Above 15 days	-	-	-
Total	7	17100	100

Details of complaints received and resolved from 1st April, 2014 to 31st March, 2015 :

Complaints	Received	Attended to	Pending
Non-receipt of dividend	46	46	-
Non-receipt of Annual Report	-	-	-
Others	-	-	-
Total	46	46	-

8. Distribution of shareholding

(a) Distribution Schedule

Range of equity shares held	As on 31 st March, 2015				As on 31 st March, 2014			
	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	27433	78.53	4108521	3.91	30317	77.59	5060897	4.81
501-1000	3537	10.13	3094416	2.94	4351	11.13	3832373	3.64
1001-5000	2856	8.18	6682433	6.35	3307	8.46	7833549	7.45
5001-10000	508	1.45	3827241	3.64	510	1.31	3919381	3.73
Over 10001	596	1.71	87446695	83.16	591	1.51	84513106	80.37
Total	34930	100.00	105159306	100.00	39076	100.00	105159306	100

(b) Shareholding Pattern

Category	As on 31 st March, 2015				As on 31 st March, 2014			
	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
Promoters	19	0.05	34040161	32.37	20	0.05	34485161	32.79
Bodies Corporate	666	1.91	8801706	8.37	693	1.77	8984446	8.54
FII's / NRIs	582	1.67	9429468	8.97	397	1.02	5109181	4.86
FIIs/Mutual Funds/Banks	8	0.02	276383	0.26	6	0.02	449596	0.43
Trusts	7	0.02	1655675	1.57	6	0.02	1796125	1.71
Clearing Members	196	0.56	332594	0.32	113	0.29	178563	0.17
Public	33452	95.77	50623319	48.14	37841	96.83	54156234	51.50
Total	34930	100.00	105159606	100.00	39076	100.00	105159306	100.00

SONATA SOFTWARE LIMITED

(CIN No.L72200MH1994PLC082110)

Regd. Office: 208, T V Industrial Estate, 2nd floor S K Ahire Marg, Worli, Mumbai – 400 030

Corporate Office: APS Trust Building, Bull Temple Road, N.R.Colony, Bangalore – 560 019

Tel. : 91-80-67781999 Fax: 91-80-26601387

Website : www.sonata-software.com E-mail: info@sonata-software.com

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of SONATA SOFTWARE LIMITED will be held on Friday, the 31st July, 2015 at 4.00 P.M. at M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001 to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the following :
 - (a) The audited Financial Statements of the Company for the Financial Year 2014-15 together with the Reports of the Directors and Auditors thereon and
 - (b) The audited Consolidated Financial Statements of the Company for the Financial Year 2014-15.
2. To declare a final dividend for the Financial Year ended 31st March, 2015.
3. To appoint a Director in place of **Mr. S B Ghia (DIN: 00005264)**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of Statutory Auditors, **M/s. Deloitte, Haskins and Sells**, Chartered Accountants (ICAI Registration No. 008072S) for the Financial Year 2015-16 and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:
"RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 and Rules made there under read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement with stock exchanges, Ms. Radhika Rajan (DIN: 00499485), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f 12th August, 2014 and whose term expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013, from a Member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold the office for 5 (Five) consecutive years for a term upto 12th August, 2019, subject to Ms. Radhika Rajan satisfying the criteria of Independence in terms of the Companies Act, 2013, Rules made thereunder and the Listing Agreement, and shall not be liable to retire by rotation."

Registered Office:

208, T.V. Industrial Estate
2nd floor, S.K. Ahire Marg,
Worli Mumbai – 400 030

By Order of the Board
For **SONATA SOFTWARE LTD**

Date : 19th May, 2015
Place : Mumbai

Priya Manoj Jaswani
Company Secretary

NOTES:

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll on his behalf.** A proxy need not be a member of the Company.
2. Proxies, in order to be effective, must be duly filled, stamped and signed and must reach the Company's Registered Office not less than 48 hours before the commencement of the Meeting. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
3. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts relating to the Special Business to be transacted at the Meeting is annexed hereto as **Annexure I**.
4. The Register of Members and the Share Transfer Books will remain closed from 24th July, 2015 to 31st July, 2015 (both days inclusive) in terms of the provisions of Section 91 of the Companies Act, 2013 and Clause 16 of the Listing Agreement with stock exchanges.
5. The dividend as recommended by the Board, if approved at the Meeting, will be payable to those members whose names appear in the Register of Members as on 23rd July, 2015. The dividend in respect of shares held in the electronic form will be payable to the beneficial owners of the shares as on 23rd July, 2015 as per details furnished by the Depositories for this purpose.
6. In terms of Clause 49 of the Listing Agreement, details of Director retiring by rotation at the ensuing Annual General Meeting and being eligible, is proposed to be re-appointed vide Ordinary Business No. 3 in the Notice is as follows :

Mr. S B Ghia (67)(DIN:00005264) An MBA from Bowling Green University, USA, Shyam also holds a Bachelor's Degree in Chemistry from Mumbai University. As a seasoned industrialist, his varied interests span across industries like Chemicals, Fibres, Polymers and Software.

He is currently serving as the Chairman and Managing Director of Futura Polyesters Limited and Innovassynth Investments Limited besides holding the position of the Chairman of Innovassynth Technologies (India) Limited. Besides Sonata Software, he is also serving the Board of Alkyl Amines Limited and FPL Property Developers Private Limited.

7. A brief resume of the Director whose appointment needs to be confirmed by the Shareholders, is as follows :

Ms. Radhika Rajan (59) (DIN: 00499485), Radhika holds an MBA from IIM, Ahmedabad and an MSc (Physics) from IIT, Mumbai. A US Citizen, she has focused on India as an investment destination for one and a half decades. She heads DSP Investments, the umbrella company of the Kothari Family Office, which she joined after relocating to India in 2011.

Radhika brings along a rich investment advisory experience from her previous engagements with TCG Advisory, Mphasis, Chemical Bank, UBS, Bank of America and Bank of Montreal among others. An authority on proposed investments in the US-India corridor, Radhika's expertise spans currencies, cash, options, interest rate, commodity futures and derivatives.

Radhika is an invited author of 'The Global Internet Economy', a book published by MIT Press in 2003. A charter member of TIE, she has also served as an Executive Board Member of TIE Tristate for over five years.

8. Since SEBI has made it mandatory for distributing dividends through **Electronic Clearing Service (ECS)**, the Company will use the Bank account details furnished by the Depositories for distributing dividends to shareholders holding shares in electronic form. **Members are requested to notify any change in their Bank account details to their Depository Participant immediately.**
9. **Members holding shares in physical form** are requested to immediately **notify change in their address to the Company's Share Transfer Agents** M/s. Karvy Computershare Pvt Ltd, Unit : Sonata Software Ltd, Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. P: +91 40 67161591. **Members holding shares in electronic form** are requested to **notify change in their address to their Depository Participant.**
10. Since the Company's shares are in compulsory demat trading, to ensure better service and elimination of risk of holding shares in physical form, we request shareholders

holding shares in physical form to dematerialize their shares at the earliest.

11. Members wishing to claim Dividends, which remain unclaimed, are requested to correspond with the Company's Share Transfer Agents for further particulars. Members are requested to note that Dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205C of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
12. To avail the facility of nomination, Members holding shares in physical form may write to the Company for obtaining the Nomination Form (Form SH-13). Members holding shares in electronic form, nomination form may be filed with the respective Depository Participant.
13. The Members who have not registered their email addresses so far are requested to register their email address for receiving all communication including Annual Report, Notices, Circulars, etc from the Company electronically.
14. Electronic copy of the Annual Report for 2014-15 is being sent to all the Members whose email IDs are registered with the Company/Depository Participants for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode.
15. Members/proxies are requested to bring their attendance slips duly filled in and their copy of the Annual Report for the Meeting.
16. Your Company is pleased to provide Members the facility to exercise their right to vote at the Annual General Meeting by electronic means and the business may be transacted through e-Voting services provided by Karvy Computershare Private Limited. The detailed instructions for availing e-Voting facility are provided in **Annexure II**.

ANNEXURE I TO THE NOTICE

EXPLANATORY STATEMENT TO THE SPECIAL BUSINESSES PROPOSED IN THE NOTICE

(Pursuant to Section 102(1) of the Companies Act, 2013)

AGENDA NO. 5

The Board, at its meeting held on 11th August, 2014, appointed Ms. Radhika Rajan as an Additional Director of the Company with effect from 12th August, 2014. Pursuant to the provisions of Section 161 of the Companies Act, 2013, Ms. Radhika Rajan will hold office up to the date of the ensuing Annual General Meeting. The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a Member along with a deposit of Rs. 1,00,000/- proposing the candidature of Ms. Radhika Rajan for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Ms. Radhika Rajan (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

The resolution seeks the approval of Members for the appointment of Ms. Radhika Rajan as an Independent Director of the Company

to hold the office for 5 (Five) consecutive years for a term upto 12th August, 2019, pursuant to Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. She is not liable to retire by rotation. In the opinion of the Board of Directors, Ms. Radhika Rajan, the Independent Director proposed to be appointed, fulfils the conditions specified in the Companies Act, 2013 (including the Rules made thereunder) and Clause 49 of the Listing Agreement and she is independent of the Management. A copy of the draft letter for the appointment of Ms. Radhika Rajan as an Independent Director setting out the terms and conditions is available for inspection without any fee by the Members at the Company's registered office during normal business hours on working days up to the date of the Annual General Meeting.

No Director, Key Managerial Personnel or their relatives, except Ms. Radhika Rajan, to whom the resolution relates, is interested or concerned in the resolution.

The Board recommends the resolution set forth in agenda no. 5 for the approval of the Members.

Registered Office:

208, T.V. Industrial Estate
2nd floor, S.K. Ahire Marg, Worli
Mumbai – 400 030

Date : 19th May, 2015
Place : Mumbai

By Order of the Board

for **SONATA SOFTWARE LTD**

Priya Manoj Jaswani
Company Secretary

ANNEXURE II TO THE NOTICE

E-Voting

The Company is pleased to provide an e-voting facility to the shareholders of the Company to enable them to cast their votes electronically on the items mentioned in the notice.

The Company has appointed CS. I.B. Harikrishna, Practicing Company Secretary as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The e-voting rights of the shareholders/beneficiary owners shall be reckoned on the equity shares held by them as on **24th July, 2015 being the Cut-off date for the purpose**. Shareholders of the Company holding shares either in physical or in dematerialized form, as on the Cut-off date, may cast their vote electronically.

The instructions for E-Voting are as under:

1. Launch internet browser by typing the URL for e-voting : <https://evoting.karvy.com>
2. Enter the login credentials i.e., user id and password enclosed as a separate communication the Annual Report. Your Folio No/DP ID Client ID will be your user ID.
3. After entering the details appropriately, click on LOGIN.
4. You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
5. You need to login again with the new credentials.
6. On successful login, the system will prompt you to select the EVENT i.e., Sonata Software Limited.
7. On the voting page, the number of shares as held by the shareholder as on the Cut-off Date will appear. If you desire to cast all the votes assenting/dissenting to the Resolution then enter all shares and click "FOR" / Against as the case may be. You are not required to cast all your votes in the same manner. You may also choose the option ABSTAIN in case you wish to abstain from voting.
8. Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
9. Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
10. 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. together with attested specimen signature of the duly authorized signatory (ies) who are authorized to vote, to the Scrutinizer through e-mail to hari@akshayacs.com
11. Once you have cast your vote on a resolution you will not be allowed to modify it subsequently.
12. The Portal will remain open for voting from: **10.00 a.m. 28th July, 2015 to 5.00 p.m. on 30th July, 2015, (both days inclusive).**
13. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Mr. Varghese P A of Karvy Computershare Pvt Ltd at 040- 44655000 or at 1800 345 4001 (toll free).
14. The results of e-voting will be announced by the Company in its website and also informed to the stock exchanges.

Notes:

SONATA SOFTWARE LIMITED

(CIN No.L72200MH1994PLC082110)

Regd. Office: 208, T V Industrial Estate, 2nd floor S K Ahire Marg, Worli, Mumbai – 400 030

Corporate Office: APS Trust Building, Bull Temple Road, N.R.Colony, Bangalore – 560 019

Tel.: 91-80-67781999 Fax: 91-80-26610972

Website: www.sonata-software.com E-mail: info@sonata-software.com

Form No. MGT-11

PROXY FORM

(Pursuant to Section 105 (6) of the Companies Act 2013 and rule 19 (3) of the Companies (Management and Administration) Rules, 2014

Name of the Member :

Registered address :

E-mail Id :

Folio No./Client Id :

DP ID :

I/We, being the member(s) of shares of the above named company, hereby appoint

1 Name :

Address :

Email ID :

Signature :

Or failing him/her;

2 Name :

Address :

Email ID :

Signature :

Or failing him/her;

3 Name :

Address :

Email ID :

Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twentieth Annual General Meeting of the Company, to be held on the 31st July, 2015 at 4.00 p.m. at M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001 and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	Resolutions	Optional	
Ordinary Business		For	Against
1	Adoption of Financial Statements for the year ended 31 st March, 2015		
2	Declaration of final dividend for FY 2014-15		
3	Re-appointment of Mr. S B Ghia as Director, who retires by rotation		
4	Ratification of appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants, as Statutory Auditors for Financial Year 2015-16 and fixing their remuneration		
Special Business			
5	Confirmation of appointment of Ms. Radhika Rajan as an Independent Director		

CERTIFICATE

Signed this day of 2015

Affix
Revenue
stamp

Signature of shareholder :

Signature of Proxy holder(s) :

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

SONATA SOFTWARE LIMITED

(CIN No.L72200MH1994PLC082110)

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Tel.: 91-80-67781999 Fax: 91-80-26610972

Website: www.sonata-software.com E-mail: info@sonata-software.com

ATTENDANCE SLIP

Reg. Folio No./ Demat Account No/ & DP ID:

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the TWENTIETH ANNUAL GENERAL MEETING of the Company on 31st July, 2015 at 4.00 p.m.at M C Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001.

.....
Member's / Proxy's name in Block Letters

.....
Member's/Proxy's Signature

Note: Please fill up this attendance slip and hand it over at the entrance of the Meeting hall.

Speed Post / Courier

If undelivered, Please return to:



SONATA SOFTWARE

Sonata Software Limited

1/4, APS Trust Building
Bull Temple Road, N.R. Colony
Bangalore - 560 019 India.

Tel: 91-80-6778 1999, Fax: 91-80-2661 0972

website: www.sonata-software.com

E-mail ID: info@sonata-software.com

CIN: L72200MH1994PLC082110