



SONATA SOFTWARE LIMITED



CMMI DEV / 5SM
Exp. 2017-04-16 / Appraisal #22067

8th August, 2016

National Stock Exchange of India Limited
Listing Department
Exchange Plaza, 5th Floor
Bandra Kurla Complex
Bandra (E) Mumbai – 400 051
Stock Code - SONATSOFTW

BSE Limited
Listing Department
P.J. Towers, Dalal Street
Mumbai 400 001
Stock Code - 532221

Dear Sir/Madam,

Sub: Annual Report for the Financial Year 2015-16

With reference to the captioned subject and in terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are hereby forwarding a copy of Annual Report for the Financial Year 2015-16 duly approved and adopted by the members as per the provisions of the Companies Act, 2013.

Kindly take the same on record.

Thanking you,

Yours faithfully
for **SONATA SOFTWARE LIMITED**

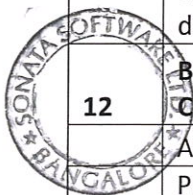
PRIYA JASWANI
COMPANY SECRETARY

Encl: as above

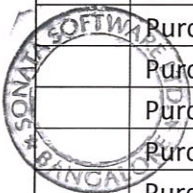
Corrigendum to page nos. 36 and 37 of the Annual Report 2015-16

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

Si 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
11	OCEAN DIAL GATEWAY TO INDIA MAURITIUS LIMITED				
	At the beginning of the year	134,088	0.13	134,088	0.13
	Purchase	3,393	0.00	137,481	0.13
	Purchase	88,787	0.08	226,268	0.22
	Purchase	373,732	0.36	600,000	0.57
	Purchase	64,288	0.06	664,288	0.63
	Purchase	35,712	0.03	700,000	0.67
	Purchase	76,479	0.07	776,479	0.74
	Purchase	23,521	0.02	800,000	0.76
	Purchase	100,000	0.10	900,000	0.86
	Purchase	100,000	0.10	1,000,000	0.95
	Purchase	158,488	0.15	1,158,488	1.10
	Purchase	406	0.00	1,158,894	1.10
	Purchase	116,399	0.11	1,275,293	1.21
	Purchase	12,582	0.01	1,287,875	1.22
	Purchase	2,125	0.00	1,290,000	1.23
	Purchase	4,416	0.00	1,294,416	1.23
	Purchase	5,584	0.01	1,300,000	1.24
	Purchase	1,446	0.00	1,301,446	1.24
	Purchase	9,310	0.01	1,310,756	1.25
	Purchase	7,568	0.01	1,318,324	1.25
	Purchase	53,663	0.05	1,371,987	1.30
	Purchase	6,243	0.01	1,378,230	1.31
	Purchase	4,550	0.00	1,382,780	1.31
	Purchase	67,220	0.06	1,450,000	1.38
	Purchase	37,438	0.04	1,487,438	1.41
	Purchase	12,562	0.01	1,500,000	1.43
	Purchase	50,000	0.05	1,550,000	1.47
	At the end of the year (or on the date of separation, if separated during the year)	1,550,000	1.47	1,550,000	1.47
12	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED A/C				
	At the beginning of the year	90,000	0.09	90,000	0.09
	Purchase	15,000	0.01	105,000	0.10
	Purchase	32,000	0.03	137,000	0.13



	Purchase	4,200	0.00	141,200	0.13
	Purchase	175,000	0.17	316,200	0.30
	Purchase	67,891	0.06	384,091	0.37
	Purchase	410,100	0.39	794,191	0.76
	Purchase	135,000	0.13	929,191	0.88
	Purchase	10,000	0.01	939,191	0.89
	Purchase	658,268	0.63	1,597,459	1.52
	Purchase	18,000	0.02	1,615,459	1.54
	Purchase	20,000	0.02	1,635,459	1.56
	Purchase	150,000	0.14	1,785,459	1.70
	Purchase	23,000	0.02	1,808,459	1.72
	Purchase	3,900	0.00	1,812,359	1.72
	Purchase	26,000	0.02	1,838,359	1.75
	Purchase	135,000	0.13	1,973,359	1.88
	Purchase	43,000	0.04	2,016,359	1.92
	At the end of the year (or on the date of separation, if separated during the year)	2,016,359	1.92	2,016,359	1.92
13	CREDIT SUISSE (SINGAPORE) LIMITED				
	At the beginning of the year	89,144	0.08	89,144	0.08
	Purchase	66,559	0.06	155,703	0.15
	Purchase	49,381	0.05	205,084	0.20
	Purchase	21,124	0.02	226,208	0.22
	Purchase	10,945	0.01	237,153	0.23
	Purchase	1,244	0.00	238,397	0.23
	Purchase	14,383	0.01	252,780	0.24
	Purchase	5,426	0.01	258,206	0.25
	Purchase	29,687	0.03	287,893	0.27
	Purchase	4,419	0.00	292,312	0.28
	Purchase	31,790	0.03	324,102	0.31
	Purchase	21,682	0.02	345,784	0.33
	Purchase	21,080	0.02	366,864	0.35
	Purchase	45,702	0.04	412,566	0.39
	Purchase	35,108	0.03	447,674	0.43
	Purchase	29,257	0.03	476,931	0.45
	Purchase	124,080	0.12	601,011	0.57
	Purchase	81,238	0.08	682,249	0.65
	Purchase	20,010	0.02	702,259	0.67
	Purchase	74,033	0.07	776,292	0.74
	Purchase	41,506	0.04	817,798	0.78
	Purchase	55,736	0.05	873,534	0.83
	Purchase	61,139	0.06	934,673	0.89
	Purchase	35,175	0.03	969,848	0.92
	Purchase	45,983	0.04	1,015,831	0.97
	Purchase	5,670	0.01	1,021,501	0.97
	Purchase	25,586	0.02	1,047,087	1.00
	Purchase	10,030	0.01	1,057,117	1.01
	Purchase	54,714	0.05	1,111,831	1.06
	Purchase	7,407	0.01	1,119,238	1.06
	Purchase	53,548	0.05	1,172,786	1.12
	At the end of the year (or on the	1,187,217	1.13	1,187,217	1.13



	date of separation, if separated during the year)				
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Note: Change in the top 10 shareholders is indicated as on beginning of the year and at the end of the year.

The Members are requested to read the Annual Report 2015-16 together with this corrigendum.

for Sonata Software Limited

for 
Priya Manoj Jaswani
Company Secretary



Annual Report 2015-16



BUSINESS
REIMAGINED



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.

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“Opportunities
multiply when they
are seized.”

– Sun Tzu



BUSINESS REIMAGINED

Seizing New Possibilities in the Digital Age

Digital has revolutionized almost every market by drastically changing customer expectations and requirements for growth. The disruptive nature of the digital economy has meant that competitive threats and transformative opportunities can come from anywhere as industries have become boundless and permeable. What this has meant is Digital necessitates reimagining the business model and business processes – not only for business enterprises, but also for software vendors and technology solution providers such as ourselves.

Sonata, as a specialized IT solutions provider has been working to deliver a unique value in this emerging scenario. Over the last three years, we have embarked on a journey to be a strategic partner for our customers' digital transformation by integrating deep industry and technology focus viz., travel, retail, distribution and independent software vendor's industry expertise complemented with specific horizontal strengths in areas such as omni-channel commerce, Mobile, Analytics and Cloud. However, we have been conscious of the need to step up the game and reimagine our business.



From traditional IT Services to IP led Business Solutions

The pace and impact of technology on businesses has meant that enterprises need to stay ahead of the curve with differentiated technology initiatives too. Faster time cycles to launch technology led business initiatives, better adoption of new technology and leveraging the same to offer richer feature sets for customers are critical to build and sustain competitive advantage. This has enhanced the need for an IT partner who has a deeper understanding and expertise in enabling innovation, reliability and speed with their own pre built technology solutions.

Sonata's commitment to solutions based on such IP led assets and emerging technologies has in turn helped it achieve differentiated value and competitive advantage as a technology partner. This can be seen in the range of industry specific IP based solutions such as Rezopia Travel Management Platform, Brick & Click Retail Platform, Advanced Supply Chain Management Software, Halosys Mobility Platform, Retina Retail Analytics & Transit Travel Analytics Platform. Sonata's ability to offer turnkey solutions based on its IP and in using its IP as the core for further customization that accelerates development for enterprises has seen it win many new customers.

“Sonata is a very important extension of the team and over the years has made a significant contribution to our success in serving our customers better than anyone else in our business sector.”

– Director IT

IP based Solutions

1. Rezopia Travel Management Platform
2. Brick & Click Retail Platform
3. Advanced Supply Chain Management Software
4. Halosys Mobility Platform
5. Retina Retail Analytics
6. Transit Travel Analytics Platform



“Sonata has been an important partner in our journey for over a decade. The expertise they bring to the table makes them a valuable part of the ecosystem., its partners and customers who seek to get more out of our enterprise class business solution. This 10 year anniversary is a significant milestone in our relationship with Sonata and we look to newer horizons ahead.”

– VP Engineering

Acquisitions

1. Rezopia Travel Management Platform
2. Halosys Mobility Platform
3. IBIS Inc.

BUSINESS CAPABILITY



Move to 'Build and Buy'

S onata's strengths in engineering had traditionally seen it build a range of solution accelerators for its focus industries with in-house expertise gained from serving world leading customers. While we continued to leverage this capability to build significant new solutions such as Brick & Click Retail platform in-house, our experience with the Rezopia Travel SaaS acquisition in the previous Financial Year enhanced our comfort in adopting / embracing a more aggressive approach to expanding our IP portfolio thru both the 'Build' and 'Buy' routes. Reimagining something bigger that can more completely address a critical customer business need continues to be the catalyst behind acquisitions. The acquisition of IBIS Inc. to strengthen our footprint as a global Microsoft Dynamics partner for the Retail and Distribution industry, as well as the acquisition of Halosys Enterprise Mobility Platform to strengthen our digital solutions portfolio are examples of how we intend to scale up our capability through inorganic routes.

It is pertinent to note that a strategic acquisition is but the first step in a longer journey that we plan for in a solutions space. The continuous investment and enhancement of Rezopia platform, the roadmap for building out a complete digital ready modern distribution platform from IBIS Inc.'s Advanced Supply Chain Software and the leverage of Halosys to providing focus industry specific scalable mobile solutions on a platform - are all examples of building further on our Buys to generate value for customers and ourselves.



BUSINESS REIMAGINED

The Platform Evolution

We believe that platform based technology ecosystems will play a key role in the next wave of breakthrough innovation and disruptive growth. Rapid advances in cloud, mobility and delivery processes are eliminating the technology and cost barriers associated with such platforms making them the new plane of competition.

Sonata has been able to make a successful transition from the traditional enterprise application models to future-ready IT Platforms that enable the retail and travel verticals to rapidly, cost-effectively and securely deploy new technology enabled business processes. With Brick & Click Retail IT platform and Advanced Supply Chain Software available on Azure Lifecycle Services cloud, Sonata has been an early mover in offering industry specific solutions hosted on an enterprise application platform model. A host of underlying technology specific platform solutions such as Ofbiz Ecommerce platform, Halosys Enterprise Mobility platform, Unified Data Analytics Platform and DevOps & Cloud Ops platform enable Sonata to stitch together the component parts needed to build an industry specific application and further customize them without compromising the underlying flexibility that this approach offers. Customers can choose to develop their own platforms, leverage emerging software vendor platforms, build upon Sonata's platform IP or combine these approaches to reliably transition to platform based business systems and realize competitive advantage with technology.

In course of the year, Sonata has been a partner for world leading enterprises and ISVs who have already adopted platform based technology systems to drive their business

forward. Sonata is actively engaged in developing and operating over a dozen platforms, including systems based on its own IP that anchor large scale 24X7 digital businesses systems for leading enterprises & ISVs.

Reimagination at Sonata has been focused towards finding new ways to deliver innovative technology platforms and solutions that give our customers an ability to get ahead of trends and develop an instinct to shape the future. We believe that these would play a key role in customers' reimagining their businesses for the digital era and stretching their boundaries by tapping into the broad array of the digital ecosystem. With a strong base of solutions, people and process capabilities built in the company, Sonata looks ahead to exciting times ahead where these efforts come to life in helping our customers build the right IT assets and business capabilities to don the mantle of an innovative disruptor in a fast-changing markets.



BRICK & CLICK RETAIL IT PLATFORM

Brick & Click solution is a fully unified omni-channel commerce platform enabling large retailers optimize their operations to provide seamless, consistent and personalized customer experience across channels while still optimizing their operations and simplifying their IT landscape.

Sonata's Brick & Click platform is a pre-integrated technology solution spanning e-commerce, mobile engagement, retail operations and business insights.

Why Brick & Click Retail Platform?

- Fully integrated Store & Digital commerce solution from engagement to fulfillment
- 3A Engagement - Anytime, Anywhere, Any Device retailing
- Best-in-class solution providing single view of customer, inventory & orders
- Multi-channel ordering, modern payments, flexible fulfillment & efficient delivery
- Optimized supply chain operations for greater probability
- Actionable insights & recommendations into customer engagements & business operations
- Faster go to market with pre-built platform enabled functionalities

Unified Store Fronts

E-Commerce
Mobile Commerce (App, Web)
Advanced Store POS
Tele-Commerce
Social Engagement



Retail Operations

Order Management
Merchandising Management
Inventory Management
Customer Service
Financial Management



Mobile Engagement

Mobile Consumer Applications
Mobile Business Operations
Location and Sensor Enabled



Insight & Reporting

Customer Analytics
Operational Analytics
Web, Mobile Analytics
Sales Reporting

REZOPIA TRAVEL PLATFORM



Rezopia – Sonata's Cloud based Travel ERP caters to the end to end reservation, distribution, contracts and operations management systems for Travel providers. It forms the backbone of a single easily deployable and customizable solution to carry the core of a Travel business and integrates to multiple back office ERP systems for support HO functions.

Rezopia is the first true multi-tenant architecture based system for the travel industry. What this means for our customers is that there is no hardware to purchase, system is deployed quicker than legacy platforms and new features are rolled out rapidly. Rezopia enables travel providers to transform business, innovate technology and enhance the customer experience.

Sonata's development of integrated mobile app, travel analytics and core ERP extensions and integrations to Rezopia have further helped provide a more complete travel customer experience management solution on a single SaaS platform.





IBIS INC.

Since its founding in 1989, IBIS worked with hundreds of the largest and most successful companies offering Microsoft solutions. IBIS is a preferred Microsoft Dynamics solution partner and delivers world-class supply chain solutions to distributors and manufacturers globally. Advanced Supply Chain Software™ powered by I.B.I.S., Inc. is a total Dynamics AX and CRM supply chain solution designed expressly to meet the needs of modern distributors, manufacturers, and retailers. IBIS holds Microsoft Gold Competencies for enterprise resource planning (ERP), customer relationship management (CRM), business intelligence (BI), and application development; demonstrating best in class capability in these specific Microsoft solution areas. IBIS DynamicsCareSM is a full suite of services designed to help customers get the most from their systems and ensure that you continue to receive maximum return on your investment for years to come. The company has been recognized with numerous awards such as the Microsoft Dynamics Distribution Partner of the Year 2015, Microsoft Partner of the Year 2014, Microsoft Dynamics President's Club 2014 and Microsoft Global Independent Software Vendor.

Sonata's expertise, intellectual property, scale, and global presence with Microsoft Dynamics® AX, especially in the Retail industry, along with I.B.I.S. expertise, IP, and strong footprint within the distribution industry space with Microsoft Dynamics® based solutions, enable the combined entities to offer powerful solutions catering to Retail, Consumer Goods, and Distribution companies globally who want to deploy Microsoft Dynamics® for digital business transformation.

Designed to work seamlessly to optimize your overall supply chain performance

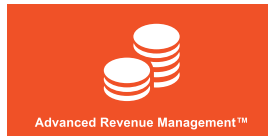
➔
**ADVANCED
SUPPLY CHAIN
SOFTWARE™ for
Microsoft
Dynamics®
COVERING EVERY
ASPECT OF A
MODERN SUPPLY
CHAIN**



Advanced Sales and Operations Planning™



Advanced CRM for Distributors™



Advanced Revenue Management™



Advanced Order Management™



Advanced Demand Planning™



Advanced Inventory Management™



Advanced Procurement Management™



Advanced Business Analytics™

HALOSYS INC.



Halosys's platform allows businesses to have a 360-degree coverage on their mobility programmes and realize the transformational impact of mobile on business. Halosys provides a single Unified Enterprise Mobile Enablement platform that enables businesses build, secure, manage and deploy an enterprise wide mobile applications portfolio. The platform seamlessly extends existing enterprise security, identity and business applications to the mobile applications. The platform also provides a complete management of apps, data, devices and users from a single system significantly improving the ability to realize a cohesive portfolio of mobile applications to meet the needs of the enterprise's customers, partners and employees.

FEATURES



Unified Mobile Platform

Highly scalable, secure and modular
Mobile platform & mBaaS for Enterprise



Rapid App Builder

Zero Code HTML5 AppBuilder



Accelerated App Dev

Ready to use API for iOS, Android, PhoneGap,
Titanium & JavaScript/HTML5 Apps



Pre-packaged Apps

Pre-built, Customizable Apps &
Solutions for specific verticals



Integration hub

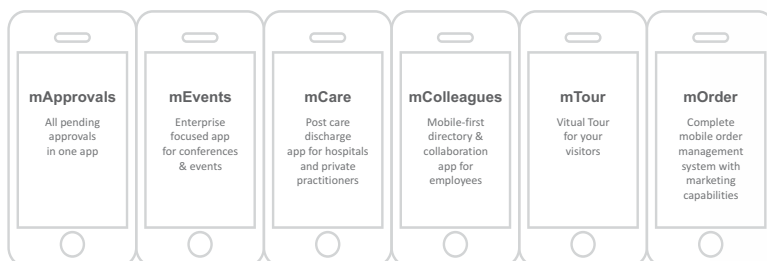
Future ready Cloud Integration Platform
leverages existing infrastructure



App Life Cycle Management

Enterprise App Store
App Management

PRE-BUILT APPS



BENEFITS



Security & Policy Control



Accelerate App Development



Analytics



No Vendor Lock-in



Audit Trail & Compliance



Low TCO



Business Continuity



Faster Rollout

Halosys platform is backed by Sonata's full-service capability including mobile strategy, engaging UX design and cutting-edge technology based mobile apps development and support.



OPERATIONAL HIGHLIGHTS



Acquired Halosys, a mobility platform solution provider, based in California and I.B.I.S. Inc. (Interactive Business Information Systems, INC.), a leading Distribution and Supply Chain solutions provider on Dynamics in the US.

Opened a **new SEZ unit** in Global Village campus of **Bengaluru**



Added **26 new customers** during the year

Rezopia travel platform continued to maintain its salience as a leading travel technology solution with a **silver award for online travel booking category** at the Travel Weekly Magellan Awards 2015.



Went live with Brick & Click Retail solution on Microsoft Dynamics AX for both online and offline retailers

Launched two new offerings in ISV vertical and also started a cloud consulting offerings called **Cloud Assessment Services**.



Developed a range of horizontal platforms such as **Unified Data Analytics Platform, DevOps and CloudOps platform** to offer a base of emerging technology solutions that can be extended and integrated for industry specific applications.

The total employee strength as on 31st March, 2016 was 3,259 as against 3,018 as on 31st March, 2015. Further, the IT Services utilization levels have been in excess of 85%.



Won prestigious awards including **Microsoft Best Vendor Award for 2015** and '**LAR Partner of the Year 2015**' award from Microsoft, **Marketing Partner of the Year**' for 2014 from SAP, etc

Recognized as a **leader for product engineering for two categories, Enterprise Software and Consumer Software**, by Zinnov, a leading consulting organization



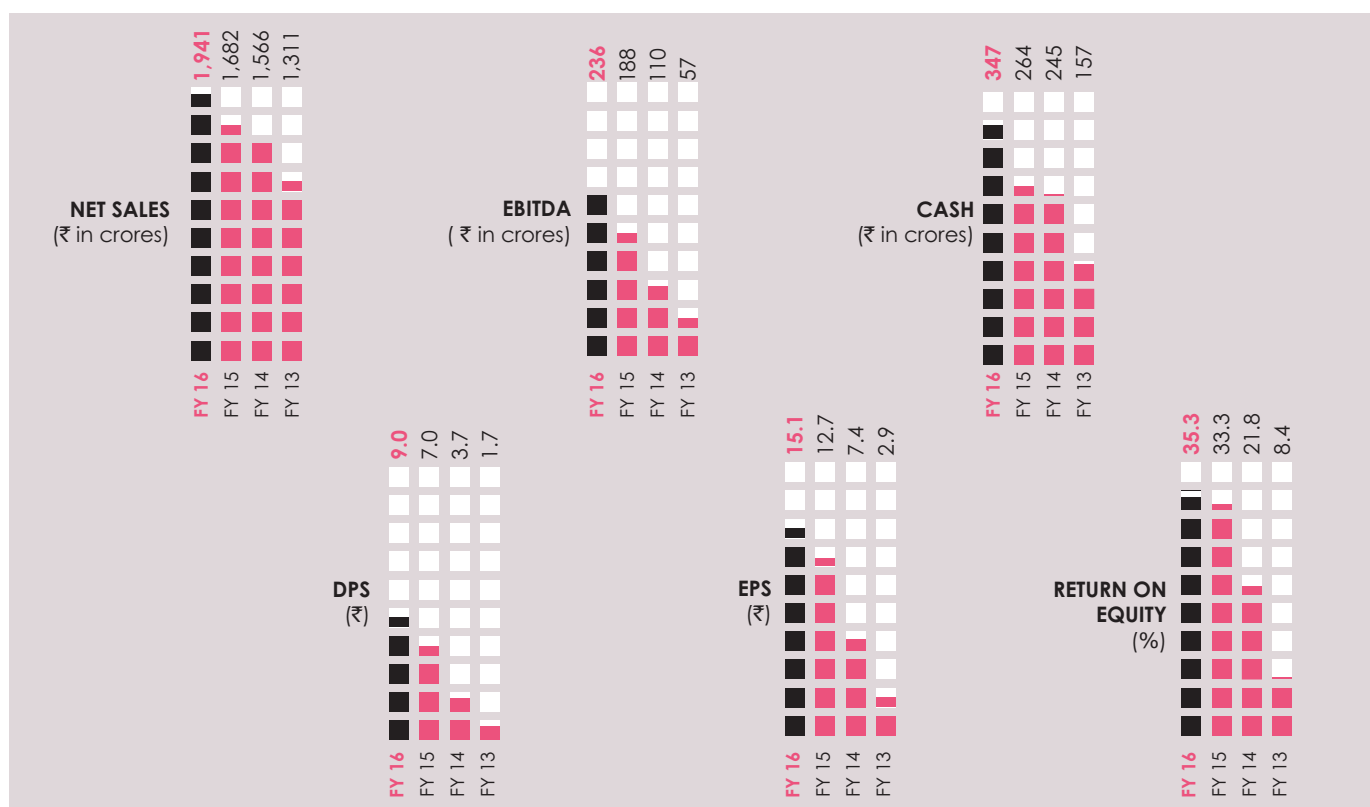
FINANCIAL HIGHLIGHTS



CONSOLIDATED

Key Financials (₹ crores)	FY16	FY15	FY14	FY13*
Net Sales	1,941	1,682	1,566	1,311
EBITDA	236	188	110	57
PAT	159	134	78	30
Net Worth	471	428	374	342
Debt	171	24	6	17
Debtors	354	310	208	141
Cash	347	264	245	157
Per Share Ratio (₹)				
EPS	15.1	12.7	7.4	2.9
DPS	9.0	7.0	3.7	1.7
BVPS	44.8	40.7	35.6	32.5
Margin Ratio (%)				
EBITDA Margin	12.1	11.1	7.0	4.3
Net Profit Margin	8.2	8.0	5.0	2.3
RoE	35.3	33.3	21.8	8.4
RoCE	30.4	32.8	21.8	9.3

*FY13 re-casted numbers are for continuing operations excluding results of TUI Info Tec GmbH





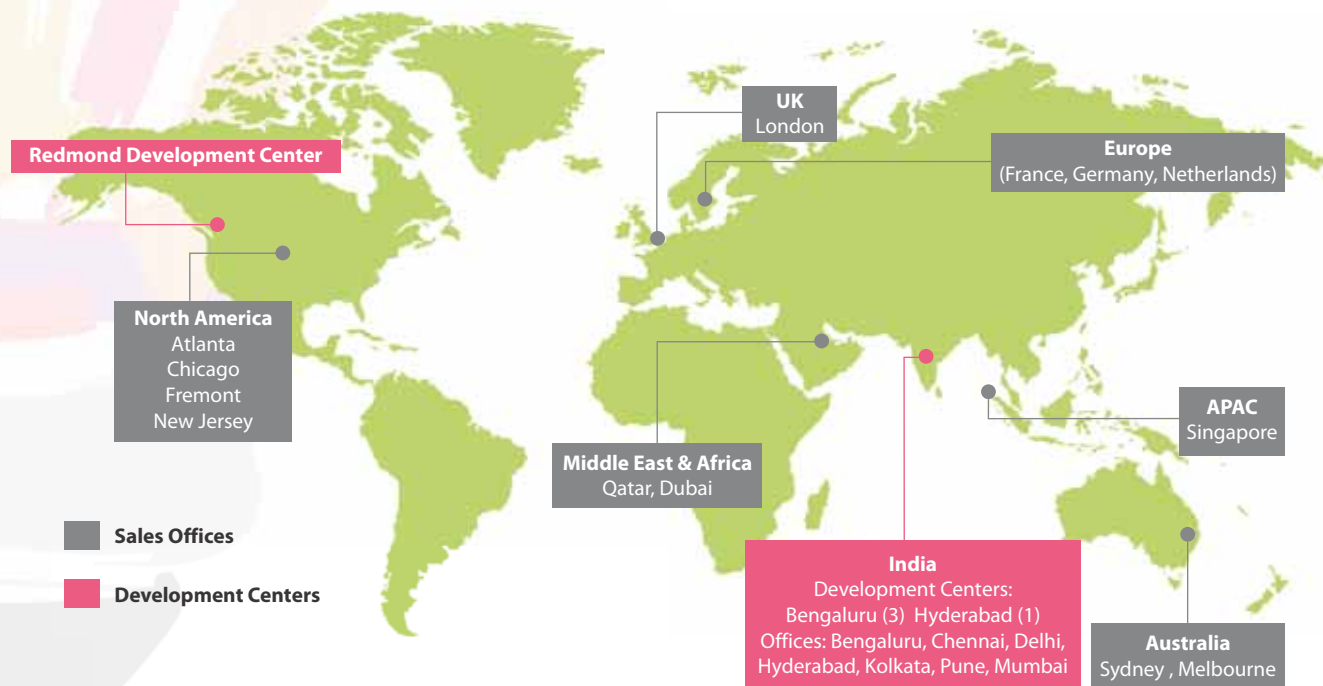
ABOUT SONATA

Sonata Software is a global IT services & solutions 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 & Distribution and Software Product Companies 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.

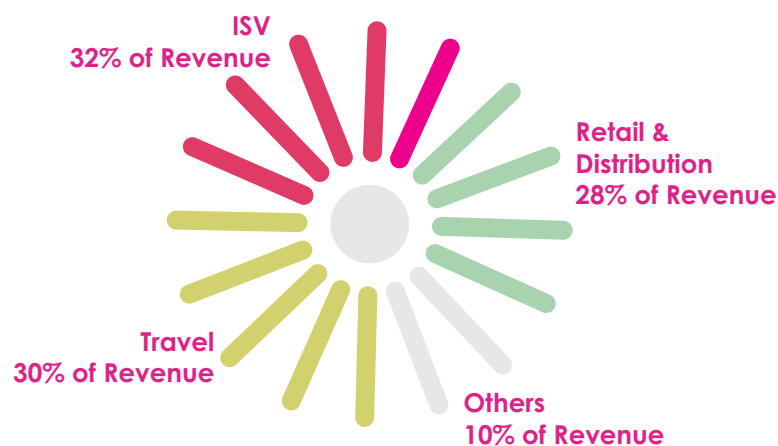
“To become a world class firm that is a benchmark for Catalyzing Business Transformation for our Clients, Fulfilling Employee Aspirations & Caring for our wider Community through Depth of Thought Leadership, Customer Centricity and Execution Excellence.”



BUSINESS FOOTPRINTS



INDUSTRY FOOTPRINTS



BUSINESS SOLUTIONS FOOTPRINTS

DIGITAL ENGAGEMENT

- Omni-channel Commerce
- Analytics & Personalization
- CRM, Loyalty
- Mobile & Social Business

ENTERPRISE EFFICIENCY

- ERP
- SCM, HR & Finance
- BI & Analytics
- Mobile & Social Work

IT COST MANAGEMENT

- Managed Services & Infrastructure
- Cloud & Virtualization
- Licensing



ENGINEERING SOLUTIONS FOOTPRINTS

PRODUCT INNOVATION

- Cloud engineering
- Mobile engineering
- Analytics integration

PRODUCT ENGINEERING

- Consult, Architect
- Develop, QA
- Performance Engineering
- Globalize and Localization

SERVICES & SUPPORT

- Professional Services
- Integration, Customization
- Sustainance Engineering
- Product supporting



CORPORATE INFORMATION

BOARD OF DIRECTORS

Pradip P Shah • Chairman

M D Dalal • 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 Dalal

Nomination & Remuneration Committee

S N Talwar, *Chairman*

S B Ghia

B K Syngal

Viren Raheja

Corporate Social Responsibility Committee

S B Ghia, *Chairman*

S N Talwar

P Srikar Reddy

Risk Management Committee

Pradip P Shah

S N Talwar

P Srikar Reddy

SOLICITORS

M/s Talwar, Thakore & Associates

M/s Dua & Associates

M/s Fladgate LLP

M/s Tattva Legal

M/s Anand and Anand

M/s Law Offices of Gebran Majdalany

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

Citibank NA

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Tel: 91-11-2693 2411, Fax: 91-11-2693 2420

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127/2, Flat No.2, Above Vidya Sahakari Bank

Next to Hotel Sarjqa, Sanewadi

Aundh, Pune 411 007, India

Tel: 91-20-2588 7045, Fax: 91-20-2588 3406

Email: info@sonata-software.com

1200, Route 22 East, Suite 2000

Bridgewater, New Jersey 08807, USA

Tel: 903-203-4618

Email: info@sonata-software.com

15375, 90th Street, NE

Redmond, WA 98052, USA

Tel: 1-425-296-4625, Fax: 1-425-484-7799

Email: info@sonata-software.com

1, North Bridge Road,

#19-04/05, High Street Center,

Singapore - 179094, Singapore

Tel: 65-633-724-72

Email: info@sonata-software.com

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The Zenith, 821,

Pacific Highway, Sydney

NSW 2067

Tel: +61-2-8448 8139

Email: info@sonata-software.com

Crystal Tower 24th floor,

Orlyplein 10,

1043 DP Amsterdam,

P.O. Box 58176,

1040 HD Amsterdam

Tel: 020-577-3530

Email: info@sonata-software.com

IL, Naperville- Main Street promenade

50 South Main Street

Suite 200, Naperville

IL 60540

Email: info@sonata-software.com

38 Avenue Hoche,

75008, Paris, France

SUBSIDIARY COMPANIES

Sonata Information Technology Limited

208, T. V. Industrial Estate

S. K. Ahire Marg, Worli

Mumbai 400 030, India

Tel: 91-22-2494 3055, Fax: 91-22-2493 6973

Email: info@sonata-software.com

Sonata Software North America Inc.

2201, 1st Floor, Walnut Avenue,

Suite 180, Fremont, CA 94538

Tel: 510-791-7220, Fax: 510-791-7220

Email: info@sonata-software.com

Sonata Europe Limited

11th Floor (west), The Mille,

1000 Great West Road

Brent Ford –TW8 9 HH

United Kingdom

Tel: 44-20-8863 8833, Fax: 44-20-8863 5533

Email: info@sonata-software.com

Sonata Software GmbH

BCM Buero-Center an der Messe GmbH,

Beethovenstrasse, 8-10, 60325,

Frankfurt am Main, Germany,

Tel: 49-69-975-543-37, Fax: 510-791-7220

Email: info@sonata-software.com

Sonata Software FZ – LLC

Office # 2117, 21 Floor

Shatha Tower No.1

PO Box: 502818 Dubai Internet City

Dubai, United Arab Emirates

Tel: 971-4-375 4355, Fax: 971-4-424 0132

Email: info@sonata-software.com

Sonata Software (Qatar) LLC

1st Floor, Office No.108, Al-Jaidah Square

Building, Airport Road,

PO Box 55743, Doha, Qatar

Tel: 974-4-423 1111

Email: info@sonata-software.com

Rezopia Inc

2201, 1st Floor, Walnut Avenue,

Suite 180, Fremont, CA 94538

Tel: 510-742-7206

Email: info@sonata-software.com

Halosys Technologies Inc.

2201, 1st Floor, Walnut Avenue,

Suite 180, Fremont, CA 94538

Tel: 510-791-7220, Fax: 510-791-7220

Email: info@sonata-software.com

Interactive Business Information Systems Inc.

420 Technology Parkway,

Suite 100, Peachtree Corners, GA 30092

Tel: +1 770-368-4000, Fax: +1 770-368-1186

Email: info@sonata-software.com

BOARDS' REPORT

**To the Members,**

Your Directors' have pleasure in presenting before you the Twenty-first Annual Report of your Company together with the Audited Financial Statements for the Financial Year ended 31st March, 2016.

FINANCIAL RESULTS

₹ in Crores

Description	Standalone		Consolidated	
	Financial Year ended 31.03.2016	Financial Year ended 31.03.2015	Financial Year ended 31.03.2016	Financial Year ended 31.03.2015
Total Income	543.74	498.52	1,984.28	1702.00
Total Expenditure	376.82	338.35	1,748.60	1514.49
EBITDA	166.92	160.17	235.68	187.51
Depreciation and Amortization Expense	4.37	5.22	6.16	6.07
Finance Cost	3.91	1.14	7.95	2.76
Profit before Tax & Exceptional Items	158.64	153.81	221.57	178.68
Exceptional (Income)/Expenses	-	-	(3.68)	(3.22)
Provision for Tax (Net)	41.20	36.34	66.65	48.62
Minority Interest	-	-	-	0.42
Net Profit/ (Loss)	117.44	117.47	158.59	133.70
Appropriations:				
Proposed/Final Dividend	-	44.69	-	44.69
Interim Dividend	94.64	28.92	94.64	28.92
Provision for Dividend Tax	17.89	13.44	19.27	14.50
Transfer to General Reserve	-	12.00	-	14.50
Earnings Per Share (in ₹)	11.17	11.17	15.08	12.71

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, 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.

The year gone by was strategically eventful for the Company. During the year your Company acquired and successfully completed the integration of Halosys Technologies Inc., a mobility platform solution and Interactive Business Information Systems Inc (I.B.I.S. Inc.) a leading Distribution and Supply Chain solutions provider on Dynamics in the US. During the year, the Company developed new industry specific solutions like Brick & Click Retail solution for the retail vertical and also continued to extend Rezopia Travel Experience Management platform which helped the Company to position/strategize itself as the IP led solutions provider across key verticals of Travel, Retail, Distribution and ISV.

During the Financial Year that ended on 31st March, 2016, your Company continued its growth in the industry and segment by concentrating on its core strength and prudently expanding its geographic spread, industry focus and product portfolio. All these have resulted in your Company getting recognized as 'Strategic partner of choice' by many customers.

Your Company continued to remain focused on quick adoption to the disruptive technologies such as hybris, dynamics AX Retail, cloud, analytics, mobility, BI and ecommerce. The year under review saw a lot of action on the people front. Sonata's leadership team was significantly enhanced with new leaders joining into steer our vertical and digital initiatives. The addition of talent from the newly acquired entities also went a long way to strengthen the company's footprint in specific technologies such as Mobility and Dynamics. Your Company will continue to invest in its talent and develop IP based solutions which can be game changer in the verticals of choice and strength.

This focused approach was invigorated by our persistent approach to 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, Distribution 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 under review were:

- Strengthening business in existing geographies and expanding onto others like Australia, France and thereby creating a diversified geographical mix;
- Scaling up its focus area the Company acquired Halosys Technologies Inc., a mobility platform solution provider, based in California and I.B.I.S. Inc., a leading Distribution and Supply Chain solutions provider on Dynamics in the US, to strengthen its footprint as an industry specific digital solutions provider.
- Opening of new SEZ unit in our Global Village campus, Bengaluru;
- Investing in Marketing and Branding;
- 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 Sales, Head of Competencies, Vertical, etc;
- Rezopia travel platform continued to maintain its salience as a leading travel technology solution with a silver award for online travel booking category at the Travel Weekly Magellan Awards 2015;
- For retail vertical, your Company went live with Brick & Click Retail solution on Microsoft Dynamics AX for both online and offline retailers;
- In ISV vertical your Company launched two new offerings and also started a cloud consulting offerings called Cloud Assessment Services;
- Developed a range of horizontal platforms such as Unified Data Analytics Platform, DevOps and CloudOps platform to offer a base of emerging technology solutions that can be extended and integrated for industry specific applications;
- Participating in various Travel & Retail Industry events across the globe to showcase Company's expertise.

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

Standalone Financials

Total income has shown a growth of 8%. The Earnings before Interest, taxes, Depreciation and Amortization (EBITDA) stood at 33% and Net Profit at 23% with Earnings per share at ₹11.17.

Consolidated financials

Total income has shown a growth of 17%, EBITDA a growth of 26% and Net Profit witnessed a growth of 19% when compared to the previous Financial Year.

Analyzing your Company's consolidated results by the two segments it operates in, International IT services contributed 36% of total revenues and 79% of PAT while Domestic products and services contributed to 64% of the total revenues and 21% of PAT.

International IT Services total revenue is ₹ 707 crores, growth of 17% and \$ 108 million in US\$ terms with a growth of 10% in revenues, 22% in EBITDA and 15% in PAT. Your Company has managed to declare good results consistently because of its focus on serving and growing its existing customers, new customer additions of 26 through the Financial Year, and maintaining resource utilization at levels in excess of 85% over the Financial Year under review.

Domestic products and services has showed growth of 14% in revenues, 42% in EBITDA and 34% in PAT. The focus in this business has always been to manage Return on Capital Employed (ROCE), which was approximately 36% for the year under review.

Your Company during the Financial Year under review had a stronger consolidated Balance Sheet and has approximately ₹ 176 crores of cash and cash equivalents, showing Return on Capital employed (ROCE) of 30.40% and growth in Earnings per share from ₹12.71 per share to ₹ 15.08 per share.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

DIVIDEND / TRANSFER TO RESERVES

Your Company has not declared a final dividend.

Your Company paid first interim dividend of ₹ 3.50/- per equity share and the second interim dividend of ₹ 5.50/- per equity share adds up to a total dividend of ₹ 9/- per equity share (Previous Year - ₹ 7/- per equity share of ₹ 1/- each).

BOARD MEETINGS

During the year under review, the Board of Directors met six times. The Meetings were held on 19th May, 2015; 5th August, 2015; 2nd November, 2015; 6th November, 2015; 9th February, 2016 and 9th March, 2016.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. M D Dalal retires by rotation and is eligible for re-appointment. However, Mr. M. D. Dalal has expressed his desire not to seek re-appointment due to personal reasons. The Board has considered not to fill up the vacancy caused thereby.

INDEPENDENT DIRECTORS

Your Company has laid down procedures to be followed for

familiarizing the Independent Directors with your Company, their roles, rights, responsibilities in your Company and to impart the required information and training to enable them contribute significantly to your Company.

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 (3)© and 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;
- (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 under review 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 four times during the year under review and all its recommendations were accepted by the Board.

Your Company has established Vigil Mechanism which provides for direct access to the Chairperson of the Audit Committee in cases that require reporting about the unethical behaviour, actual or suspected fraud or violation of code of conduct laid down by your Company. This mechanism is governed by Vigil Mechanism Policy which covers unethical behaviour, actual or

suspected fraud, theft, bribery, misappropriation of Company funds, financial reporting violations, misuse of intellectual property, mismanagement, significant environmental, safety or product quality issues, discrimination or harassment including sexual harassment, Insider Trading, actual or potential conflicts of interest, violation of Company's rules, Company's Policies or violation of Code of Conduct of the Company.

NOMINATION AND REMUNERATION COMMITTEE & SHAREHOLDERS RELATIONSHIP COMMITTEE

The Nomination and Remuneration Committee comprises of Mr. Suresh Talwar (Chairman), Mr. Viren Raheja, Mr. B K Syngal and Mr. S B Ghia as its members. The Committee has laid down a policy for remuneration of Directors, KMP and other Employees. A copy of the Policy 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 and Rezopia Inc, USA, Halosys Technologies Inc., USA and IBIS Inc, USA duly audited are presented as part of this Report in accordance with the Companies Act, 2013, Accounting Standard 21 and the Listing Agreement with the Stock Exchanges, wherever applicable. The statement pursuant to the proviso 129(3) of the Companies Act, 2013, containing salient features of the financial statement of the Company's Subsidiaries in Form AOC-1 is given in **ANNEXURE II**.

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

Your Company continued to invest in Enterprise Mobility and through its Wholly owned Subsidiary company Sonata Software North America Inc., acquired a 100% stake in Halosys Inc., a California USA headquartered company which provides single unified enterprise mobility enablement technology. The acquisition had been done for an upfront payment of \$2 million and earn out of \$3 million payable over the period of next 3 years. The acquisition helps the combined entities to deliver comprehensive mobility solution to customers, enhancing the capability to deliver digital transformation initiatives to customers.

Your Company had through its Wholly owned Subsidiary Company Sonata Software North America Inc., acquired a 100% stake in a U.S based I.B.I.S. Inc., a Georgia Corporation which has a strategic partnership with Microsoft for the Dynamics Solution and delivers world – class supply chain solutions, including its



proprietary Advanced Supply Chain Software solution. The acquisition was aimed to strengthen your Company's footprint globally in the Retail industry. The acquisition had been done for an upfront payment of \$8.6 million in cash and \$ 5.4 million as earn-outs payable over two calendar years ending 2017. During the year under review Sonata and I.B.I.S. Inc. jointly showcased its Digital transformation technologies at convergence 2015 EMEA which was held in Barcelona, Spain between 30th November, 2015 and 2nd December, 2015.

Your Company has a "Policy for determining Material Subsidiaries", so that your Company could identify such Subsidiaries and set out a governance framework for them. The Policy is put up on the website at http://www.sonata-software.com/corporate_governance.

EMPLOYEE STOCK OPTION PLAN "ESOP"

Your Company has an Employee Stock Option Plan, 2013 (Plan) in accordance with the SEBI Guidelines. The principal objectives of this Plan are to:

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

Mr. P Srikar Reddy, Managing Director & CEO who was granted Options to purchase equivalent shares under the Plan, had during the Financial Year under review, exercised 75,000 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, 2016 which have not as on date of this Report been exercised by him.

During the Financial Year under review, Mr. Prasanna Oke, Chief Financial Officer was granted an Option to purchase 120,000 ESOP shares of the Company to be vested equally over a period of 4 years, subject to terms and conditions as set forth in the ESOP Plan, 2013 of the Company. Accordingly, the first tranche of 30,000 Options shall vest in him for exercise on 19th May, 2016.

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

As required under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the applicable disclosures as on 31st March, 2016 are uploaded on the website of the Company www.sonata-software.com.

SECRETARIAL AUDIT

Secretarial Audit report as provided by Mr. Sriram Parthasarathy, Practising Company Secretary is annexed to this Report as **ANNEXURE III**.

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 is no qualification in the Statutory Auditors' Report and the Secretarial Audit report for the year under review.

SECRETARIAL STANDARDS

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

EXTRACT OF ANNUAL RETURN

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

RECOGNITION

During the year under review, your Company and its subsidiaries were felicitated with following recognitions:

- Silver Award for online travel booking category at the Travel Weekly Magellan Awards 2015
- Microsoft Best Vendor Award for 2015
- 'Marketing Partner of the Year' for 2014 from SAP
- 'LAR Partner of the Year 2015' award from Microsoft
- Recognized as a leader for product engineering for two categories, Enterprise Software and Consumer Software, by Zinnov, a leading consulting organization

Your Company participated and sponsored events across globe including SAPPHIRE Now, Arabian Travel Market, Etail Core New York and RetchCon to connect with our customers.

Your Company also conducted Annual Communication Meet in Bengaluru and Hyderabad locations with the theme Future Ready.

Your Company also participated in leading events and conferences which included the Microsoft Dynamics Industry Partner Industry Partner Summit at California and the Zinnov Confluence for ISVs at California.

During the year under review the Company participated and sponsored more than dozen events which help to build brand Sonata globally.

QUALITY

Your Company continues to achieve customer delight by adopting best practices from the industry as well as proven quality models. During the year under review, your Company successfully completed the recertification audit of its Quality Management System under ISO 9001:2008 and ISO 20000-1:2011 (IT Service Management). Additionally, your Company underwent organization-wide surveillance audit under ISO 27001:2013 (Information Security).

Your Company continues to strive for continual improvement. The focus for the year under review was risk management. Existing risk management processes were enhanced and also a few new processes were introduced. Hierarchy-based risk real time dashboards were introduced so as to facilitate timely intervention of higher level management and remedial action.

Your Company continues to adhere to the high maturity practices of CMMI. Usage of process and prediction models for proactive monitoring and timely corrective action has resulted in timely delivery with optimal effort.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

(A) Conservation of energy

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

- Using energy-efficient computers and equipment with the latest technologies, which would help in conservation of energy.
- Installation of sensors at work space area resulting in lights automatically getting switched off in areas not in use.
- 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 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 new technology air conditioners with built in inverter option which has better air circulation and reduces energy consumption up to 20% compared to the normal air conditioners
- Replacing of normal flushing system in washrooms which

consumes about 10-15 liters per flush with new technology based ones which consume 1 to 1.5 liters per flush

- As an environment sustainability initiative, UVGI (ultraviolet germicidal irradiation) has been installed in our HVAC systems in Global Village and Hyderabad facilities. This has resulted in the improvement of IAQ (Indoor Air Quality) upwards by 70% and reduction of power consumption up to 10%. The life span of the cooling coil of the AHU increases thereby reducing maintenance costs in the long run

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, Digital and Cloud. Dedicated Competency teams were setup for each of these. Your Company developed a range of horizontal platforms such as Unified Data Analytics Platform, DevOps and CloudOps platform to offer a base of emerging technology solutions that can be extended and integrated for industry specific applications. For an existing travel client in Europe, your Company is providing cloud based maintenance and support services for their SAP Cloud4Customer service for the first time.

(C) Foreign exchange earnings and Outgo

During the Financial Year under review, 88% 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 ₹ 65 crores and Foreign Exchange inflow on account of export of software services (net), goods and other operating revenues was ₹ 443 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 acquired Halosys Technologies Inc. and IBIS Inc in USA to strengthen its footprint as an industry specific digital solutions provider. Your Company leveraged its acquisitions to build and roll out industry specific IT platforms and solutions such as Brick & Click Retail, Rezopia Travel Experience platform and Advanced Supply Chain Software. During the year the Company also featured a retail and distribution solution on Azure Lifecycle Services platform showcasing its capability to offer cloud platform based IT solutions. It continued to strengthened its business in France, Australia and other operational geographies by winning several new clients across regions. 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 year under review.

HUMAN RESOURCES MANAGEMENT

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

- Welcoming the employees of the two acquired entities – Halosys Technologies Inc. and IBIS Inc – and ensuring they were assimilated well into Sonata.
- Senior Leadership Development through customised programs on Strategic Business Leadership, key developmental interventions through Executive Coaching, & Sponsoring leaders to Strategic Leadership Programs with B-schools.
- The competency framework created last year was implemented in phases – using it for compensation and performance management this year.
- Organized several employee engagement & CSR events across our facilities enabling employees to engage, participate, contribute and do their bit to our society – the Go Green Initiative in the Global Village Office, mentoring the Entrepreneurship case presenters at CEDI program in NIT Trichy, support to the Chennai / Tamil Nadu flood victims, supporting the NGOs as part of the Daan Utsav program
- Held a case study contest within the organisation to unveil and share the shining examples of excellence that made a huge customer impact
- Upgraded head office with initiatives such as transformer enhancement and external painting; also expanded workstation space in Global Village.
- Conducted ERT training & mock fire drill in Bengaluru facilities for the preparedness for any fire eventualities.

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

- Your Managing Director along with his Leadership team shared the company strategy, plans & key focus areas.
- Unveiled your Company's future way of working under the Sonata Reimagined banner.

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 this Policy has constituted a committee and has established a grievance procedure for protection against victimization. The Policy is available on intranet for the employees to access as and when required. No complaints were received under this Policy during the Financial Year 2015-16.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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 has helped in further strengthening the ICS that are in place.

The existing ICS and their adequacy have been reviewed extensively during the year under review by Internal Auditors, Statutory Auditors and External Consultants. They have expressed an opinion that the ICS is adequate and functioning effectively. The Control Systems, related policies and procedures have been tested by the Statutory Auditors and Internal Auditors during the year. They have expressed their satisfaction with regard to the adequacy and effectiveness of the financial control systems in place to address risk management and mitigation strategies.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There is no significant and material order passed by the Regulators or Courts, during the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the Financial Year under review, your Company had given Inter Corporate Deposits at prevailing bank lending rate to its Wholly owned Subsidiary, Sonata Information Technology Ltd. for meeting its working capital requirements. The balance outstanding as on 31st March, 2016 is ₹ 1.9 crores. The maximum amount outstanding at any point of time during the Financial Year has been ₹ 99.6 crores.

Also, your Company has given Corporate Guarantees on behalf of Subsidiaries for facilitating its business needs. The outstanding amount as on 31st March, 2016 is as below:

Name of the Subsidiary	Amount in ₹ Crores
Sonata Software North America Inc., USA	59.6
Sonata Information Technology Limited, India	104.4

RISK MANAGEMENT

Your Company's Risk Management practice seeks to sustain the long term vision and mission of your Company. It continuously

evaluates the various risks surrounding the business and seeks to review and upgrade its risk management process. To further endeavour, your Board constantly formulates strategies directed at mitigating these risks which get implemented at the Executive Management level and a regular update is provided to the Board.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has in pursuance to the provisions of Section 135 and Schedule VII of the Companies Act, 2013, during the Financial Year under review, 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 during the year under review:

- Remained committed to NIT Trichy CEDI to promote entrepreneurship and innovation amongst students reached multiple colleges and received over a hundred applications for incubation support.
- Developed an e-commerce platform to facilitate direct interaction between craftspeople and their customers for the INDUSTREE Foundation, who operate the Mother Earth chain with an aim improve the livelihood of artisans with the latest technologies.
- "I Go Green for Sonata" initiative of planting trees at our Global Village campus – large number of Sonatians participated in the event demonstrating company's commitment to the environment and society.

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

RELATED PARTY TRANSACTIONS

The Policy on Related Party Transactions is available on the Company's website at http://www.sonata-software.com/corporate_governance.

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 VI**.

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 VII**.

LISTING WITH STOCK EXCHANGES

The Company confirms that it has paid the Annual Listing Fees for the year 2015-16 to NSE and BSE where the Company's Shares are listed.

CORPORATE GOVERNANCE

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

Certificate from Mr. P Sriram, a practising Company Secretary, Proprietor of P. Sriram & Associates, confirming the compliance with the conditions of Corporate Governance as stipulated under the said Regulations Agreement is attached to this report.

AUDITORS

M/s Deloitte Haskins & Sells, Chartered Accountants, (ICAI Registration No. 008072S), Bengaluru, Statutory Auditors of the Company retire at the conclusion of the forthcoming AGM and are eligible for re-appointment.

ACKNOWLEDGMENTS

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 : 23rd May, 2016

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

Amount in ₹

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.	Halosys Technologies Inc.	Interactive Business Information Systems 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	Same Reporting Period	Same Reporting Period
2	Reporting currency	INR	USD	USD	EURO	GBP	USD	USD	USD	USD
3	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	-	USD ₹ 66.25	USD ₹ 66.25	Euro ₹ 75.40	GBP ₹ 95.50	USD ₹ 66.25	USD ₹ 66.25	USD ₹ 66.25	USD ₹ 66.25
4	Share capital	33,753,940	19,875,000	9,018,546	1,885,000	440,289,380	3,649,050	5,698	4,143,606	33,141,563
5	Reserves & surplus	991,838,423	159,792,284	30,768,355	15,736,690	311,824,881	(21,717,479)	(9,287,389)	(44,019,548)	(29,699,146)
6	Total assets	3,643,332,861	1,793,333,412	85,689,605	21,663,627	808,065,133	2,853,255	36,022,536	40,470,919	154,482,744
7	Total Liabilities	2,617,740,498	1,613,666,128	45,902,704	4,041,937	55,950,872	20,921,684	45,304,227	80,346,860	151,040,328
8	Investments	-	893,418,011	-	-	-	-	-	-	-
9	Turnover	12,501,446,168	3,592,876,023	145,021,979	19,737,988	274,432,525	-	138,879,555	15,661,744	220,582,945
10	Profit / (Loss) before taxation	517,561,282	228,088,945	(17,731,084)	3,813,156	55,857,568	(4,308,569)	(5,168,494)	(16,434,969)	(8,382,083)
11	Provision for taxation	178,450,398	87,233,495	-	(1,151,676)	(11,534,777)	-	-	-	(21,300,833)
12	Profit / (Loss) after taxation	339,110,884	140,855,450	(17,731,084)	2,661,480	44,322,792	(4,308,569)	(5,168,494)	(16,434,969)	12,918,750
13	% of shareholding	100	100	100	100	100	49	60	100	100

Notes:

- 1) Halosys Technologies Inc., USA has been acquired with effect from 11th September, 2015
- 2) Interactive Business Information Systems Inc., USA has been acquired with effect from 18th November, 2015
- 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 Financial Year under review.

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
VP - Finance Accounts

Place : Mumbai
Date : 23rd May, 2016

PRIYA MANOJ JASWANI
Company Secretary



ANNEXURE III

SECRETARIAL AUDIT REPORT

FINANCIAL YEAR ENDED 31st MARCH, 2016

[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
CIN : L722008MH1994PLC082110
No 208 TV Industrial Estate SK Ahire Marg,
Worli, Mumbai 400 030

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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the Audit period covering the Financial Year ended on 31st March, 2016 complied with the statutory provisions listed here under 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 31st March, 2016 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made there under;
- 2) The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") :-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999/ Securities And Exchange Board Of India (Share Based Employee Benefits) Regulations, 2014
 - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (f) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - (g) SEBI (Buyback of Securities) Regulations, 1998
- 5) The Special Economic Zone Act, 2005 and Policy relating to Software Technology Parks of India and its regulations.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreement entered into by the Company with BSE Limited and National Stock Exchange of India Limited pursuant to SEBI (LODR) Regulation;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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.

All decisions were carried out with unanimous approval of the Board and there was no instance of dissent voting by any member during the period under review.

I have examined the systems and processes established by the Company to ensure the compliance with general laws including Labour Laws, Employees Provident Funds Act, Employees State Insurance Act & other State Laws, considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws,

Rules and Regulations applicable to the Company and its observance by them.

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 other applicable laws and the rules made thereunder.

I further report that during the Audit period, there was no instance of:

(i) Public / Rights / Preferential issue of shares / debentures / sweat equity.

(ii) Redemption / buy-back of securities.

(iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.

(iv) Merger / amalgamation / reconstruction etc.

(v) Foreign technical collaborations.

This Report is to be read with my testimony of even date which is annexed as Annexure A and forms an integral part of this report.

Place : Bengaluru

Date : 23rd May 2016

Annexure A

To
The Members,
Sonata Software Limited

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

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

Signature:

(P. Sriram)

P. Sriram & Associates

FCS No. 4862 / CP No: 3310



ANNEXURE IV

EXTRACT OF ANNUAL RETURN

as on Financial Year ended on 31.03.2016

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

I REGISTRATION & OTHER DETAILS:

i	CIN	L722008MH1994PLC082110
ii	Registration Date	18/10/1994
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 T V INDUSTRIAL ESTATE 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, Hyderabad - 500 032, India, Tel : (080) 67782408

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Other Information Technology and Computer Services activities	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 (Inc.)	Not Applicable	Subsidiary	100	2(87)(ii)
3	Sonata Europe Limited	Not Applicable	Subsidiary	100	2(87)(ii)
4	Sonata Software GmbH	Not Applicable	Subsidiary	100	2(87)(ii)
5	Rezopia Inc	Not Applicable	Subsidiary	60% held by Sonata Software North America (Inc.)	Expln(a) to Section2(87)
6	Sonata Software FZ-LLC, Dubai	Not Applicable	Subsidiary	100	2(87)(ii)
7	Sonata Software (Qatar) LLC, Qatar	Not Applicable	Subsidiary	49	2(87)(i)
8	Halosys Technologies Inc.	Not Applicable	Subsidiary	100 held by Sonata Software North America (Inc.)	Expln(a) to Section2(87)
9	Interactive Business Information Systems Inc.	Not Applicable	Subsidiary	100 held by Sonata Software North America (Inc.)	Expln(a) to Section2(87)

IV SHAREHOLDING PATTERN (Equity Share Capital break up as % to total equity.**(i) Category-wise Shareholding**

Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 st April, 2015)				No. of Shares held at the end of the year (as on 31 st March, 2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	29,442,210	0.00	29,442,210	28.00	29,452,210	0	29,452,210	28.01	0.01
b) Central Govt. or State Govt.	0	0.00	0	0.00	0	0	0	0	0.00
c) Bodies Corporates	4,597,951	0.00	4,597,951	4.37	3,097,951	0	3,097,951	2.95	(1.43)
d) Bank/FI	0	0.00	0	0.00	0	0	0	0	0.00
e) Any other	0	0.00	0	0.00	0	0	0	0	0.00
SUB TOTAL (A) (1)	34,040,161	0.00	34,040,161	32.37	32,550,161	0	32,550,161	30.95	(1.42)
(2) Foreign									
a) NRI- Individuals	0	0.00	0	0.00	0	0	0	0	0.00
b) Other Individuals	0	0.00	0	0.00	0	0	0	0	0.00
c) Bodies Corp.	0	0.00	0	0.00	0	0	0	0	0.00
d) Banks/FI	0	0.00	0	0.00	0	0	0	0	0.00
e) Any other...	0	0.00	0	0.00	0	0	0	0	0.00
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	34,040,161	0	34,040,161	32.37	32,550,161	0	32,550,161	30.95	(1.42)
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	214,522	0	214,522	0.20	3,010,451	0	3,010,451	2.86	2.66
b) Banks/FI	61,861	0	61,861	0.06	33,824	0	33,824	0.03	(0.03)
c) Central Govt.	0	0	0	0	0	0	0	0	0.00
d) State Govt.	0	0	0	0	0	0	0	0	0.00
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0.00
f) Insurance Companies	0	0	0	0	0	0	0	0	0.00
g) Foreign Institutional Investors	8,625,024	0	8,625,024	8.20	14,080,169		14,080,169	13.39	5.19
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0.00
i) Others (specify)									
Beneficial holdings under MGT-4	0	0	0	0	8409	0	8409	0.01	0.00
SUB TOTAL (B)(1)	8,901,407	0	8,901,407	8.46	17,132,853	0	17,132,853	16.29	7.83



Category of Shareholders	No. of Shares held at the beginning of the year (as on 1 st April, 2015)				No. of Shares held at the end of the year (as on 31 st March, 2016)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates	8,801,706	0	8,801,706	8.37	6,761,646	0	6,761,646	6.43	(1.94)
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	25,639,272	1,623,194	27,262,466	25.92	22,395,262	1,479,494	23,874,756	22.70	(3.22)
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	21,799,649	0	21,799,649	20.73	21,214,918	0	21,214,918	20.17	(0.56)
c) Others (specify)									
Directors	1,565,004	0	1,565,004	1.49	1,290,228	0	1,290,228	1.23	(0.26)
Clearing members	332,594	0	332,594	0.32	135,898	0	135,898	0.13	(0.19)
Non Resident Indians	800,644	0	800,644	0.76	600,986	0	600,986	0.57	(0.19)
Trusts	584,375	1,071,300	1,655,675	1.57	505,075	1,071,300	1,576,375	1.50	(0.08)
NBFC	0	0	0	0	21,485	0	21,485	0.02	0.02
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(2):	59,523,244	2,694,494	62,217,738	59.17	52,925,498	2,550,794	55,476,292	52.75	(6.41)
Total Public Shareholding (B)= (B)(1)+(B)(2)	68,424,651	2,694,494	71,119,145	67.63	70,058,351	2,550,794	72,609,145	69.05	1.42
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	102,464,812	2,694,494	105,159,306	100	102,608,512	2,550,794	105,159,306	100	0

(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	VIREN RAJAN RAHEJA	8,250,000	7.85	0	8,250,000	7.85	0	0
2	AKSHAY RAJAN RAHEJA	8,250,000	7.85	0	8,250,000	7.85	0	0
3	SUMAN RAHEJA	6,900,000	6.56	0	6,900,000	6.56	0	0
4	RAJAN B RAHEJA	4,787,450	4.55	0	4,787,450	4.55	0	0
5	BHUPATI INVESTMENTS AND FINANCE PRIVATE LIMITED	3,061,951	2.91	1.78	1,561,951	1.49	0.35	1.42
6	MUKUND D DALAL	1,036,260	0.99	0	1,036,260	0.99	0	0
7	EXCELSIOR CONSTRUCTION COMPANY PRIVATE LIMITED	1,150,000	1.09	0	1,150,000	1.09	0	0
8	BELA M DALAL	223,500	0.21	0	223,500	0.21	0	0
9	TROPHY INVESTMENT & FINANCE PRIVATE LIMITED	143,000	0.14	0	143,000	0.14	0	0
10	GSTAAD INVESTMENT & FINANCE PRIVATE LIMITED	143,000	0.14	0	143,000	0.14	0	0
11	DALTREYA INVESTMENT & FINANCE PRIVATE LTD	100,000	0.10	0	100,000	0.10	0	0
12	SHYAM BHUPATIRAI GHIA	5,000	0.00	0	5,000	0.00	0	0
	Total	34,050,161	32.38	1.78	32,550,161	30.95	0.35	1.42

(iii) Change in Promoters' Shareholding

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	BHUPATI INVESTMENTS AND FINANCE PVT. LTD.				
	At the beginning of the year	3,061,951	2.91	3,061,951	2.91
	Sale of Shares on 28.12.2015	900,000	0.86	2,161,951	2.06
	Sale of Shares on 04.03.2016	600,000	0.57	1,561,951	1.49
	At the end of the year			1,561,951	1.49



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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	HEMENDRA M KOTHARI				
	At the beginning of the year	10,660,026	10.14	10,660,026	10.14
	Increase/decrease in Shareholding during the year	0	0.00	0	0.00
	At the end of the year (or on the date of separation, if separated during the year)	10,660,026	10.14	10,660,026	10.14
2	GOLDMAN SACHS INDIA FUND LIMITED				
	At the beginning of the year	2,934,601	2.79	2,934,601	2.79
	Purchase of shares	136,671	0.13	3,071,272	2.92
	Purchase of shares	198,183	0.19	3,269,455	3.11
	Purchase of shares	144,589	0.14	3,414,044	3.25
	Purchase of shares	83,815	0.08	3,497,859	3.33
	Purchase of shares	72,356	0.07	3,570,215	3.40
	Purchase of shares	8,434	0.01	3,578,649	3.40
	At the end of the year (or on the date of separation, if separated during the year)	3,578,649	3.40	3,578,649	3.40
3	PRESCIENT SECURITIES PRIVATE LIMITED				
	At the beginning of the year	2,500,000	2.38	2,500,000	2.38
	Increase/decrease in Shareholding during the year	0	0.00	0	0.00
	At the end of the year (or on the date of separation, if separated during the year)	2,500,000	2.38	2,500,000	2.38
4	ORANGE MAURITIUS INVESTMENTS LIMITED				
	At the beginning of the year	1,806,511	1.72	1,806,511	1.72
	Sale	131,655	0.13	1,674,856	1.59
	Sale	80,685	0.08	1,594,171	1.52
	Purchase	50,000	0.05	1,644,171	1.56
	Purchase	200,000	0.19	1,844,171	1.75
	At the end of the year (or on the date of separation, if separated during the year)	1,844,171	1.75	1,844,171	1.75
5	SHOBITA SAIGAL				
	At the beginning of the year	1,049,605	1.00	1,049,605	1.00
	Purchase	250	0.00	1,049,855	1.00
	At the end of the year (or on the date of separation, if separated during the year)	1,049,855	1.00	1,049,855	1.00
6	KOMAL DIXIT SHAH				
	At the beginning of the year	965,000	0.92	965,000	0.92
	Purchase	965,000	0.92	1,930,000	1.84
	Sale	965,000	0.92	965,000	0.92
	At the end of the year (or on the date of separation, if separated during the year)	965,000	0.92	965,000	0.92

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
7	DIXIT GUNVANTRAI SHAH				
	At the beginning of the year	800,000	0.76	800,000	0.76
	Sale	34,035	0.03	765,965	0.73
	Sale	177,890	0.17	588,075	0.56
	Purchase	588,075	0.56	1,176,150	1.12
	Sale	588,075	0.56	588,075	0.56
	At the end of the year (or on the date of separation, if separated during the year)	588,075	0.56	588,075	0.56
8	JAGRUTI P SHETH				
	At the beginning of the year	671,000	0.64	671,000	0.64
	Purchase	671,000	0.64	1,342,000	1.28
	Sale	671,000	0.64	671,000	0.64
	At the end of the year (or on the date of separation, if separated during the year)	671,000	0.64	671,000	0.64
9	SANKARAN RAMACHANDRAN				
	At the beginning of the year	1,634,875	1.55	1,634,875	1.55
	Sale	75,000	0.07	1,559,875	1.48
	At the end of the year (or on the date of separation, if separated during the year)	1,559,875	1.48	1,559,875	1.48
10	ACADIAN EMERGING MARKETS SMALL CAP EQUITY FUND LLC				
	At the beginning of the year	549,065	0.52	549,065	0.52
	Increase/decrease in Shareholding during the year	0	0.00	0	0.00
	At the end of the year (or on the date of separation, if separated during the year)	549,065	0.52	549,065	0.52

**(v) Shareholding of Directors & KMP**

Sl. No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares of the company	% of total shares
1	VIREN RAJAN RAHEJA				
	At the beginning of the year	8,250,000	7.85	8,250,000	7.85
	Increase/decrease in Shareholding during the year	0	0.00	0	0.00
	At the end of the year (or on the date of separation, if separated during the year)	8,250,000	7.85	8,250,000	7.85
2	MUKUND D DALAL				
	At the beginning of the year	1,036,260	0.99	1,036,260	0.99
	Increase/decrease in Shareholding during the year	0	0.00	0	0.00
	At the end of the year (or on the date of separation, if separated during the year)	1,036,260	0.99	1,036,260	0.99
3	SHYAM BHUPATIRAI GHIA				
	At the beginning of the year	5,000	0.00	5,000	0.00
	Increase/decrease in Shareholding during the year	0	0.00	0	0.00
	At the end of the year (or on the date of separation, if separated during the year)	5,000	0.00	5,000	0.00
4	SURESH N TALWAR				
	At the beginning of the year	50,000	0.05	50,000	0.05
	Increase/decrease in Shareholding during the year		0.00	0	0.00
	At the end of the year (or on the date of separation, if separated during the year)	50,000	0.05	50,000	0.05
5	SRIKAR PALEM REDDY				
	At the beginning of the year	1,515,004	1.44	1,515,004	1.44
	Sale	149,776	0.14	1,365,228	0.14
	Purchase (through ESOP)	75,000	0.07	1,440,228	1.37
	Gift	200,000	0.19	1,240,228	1.18
	At the end of the year	1,240,228	1.18	1,240,228	1.18

V. INDEBTNESS

₹ in Crores

INDEBTEDNESS					
Indebtedness of the Company including interest outstanding/accrued but not due for payment					
		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
	Indebtness at the beginning of the Financial Year				
	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
	Total (i+ii+iii)	5.49	Nil	Nil	5.49
	Change in Indebtedness during the Financial Year				
	Additions	614.12	57.97	Nil	672.09
	Reduction	581.07	Nil	Nil	581.07
	Net Change	33.05	57.97	Nil	91.02
	Indebtedness at the end of the Financial Year				
	i) Principal Amount	38.54	57.97	Nil	96.51
	ii) Interest due but not paid	Nil	Nil	Nil	Nil
	iii) Interest accrued but not due	Nil	Nil	Nil	Nil
	Total (i+ii+iii)	38.54	57.97	Nil	96.51

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

₹

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount in ₹
		Mr. P Srikar Reddy	Mr. M D Dalal	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	26,494,887	1,475,004	27,969,891
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	59,515	Nil	59,515
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2	Stock option	8,842,500	Nil	8,842,500
3	Sweat Equity	Nil	Nil	Nil
4	Commission as % of profit	7,929,549	Nil	7,929,549
	others (specify)	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	Total (A)	43,326,451	1,475,004	44,801,455
	Ceiling as per the Act			164,678,964

**B. Remuneration to other Directors:**

₹

Sl. No	Particulars of Remuneration	Name of the Directors				Total
1	Independent Directors	Mr. Pradip P Shah	Mr. B K Syngal	Mr. S N Talwar	Ms. Radhika Rajan	
	(a) Fee for attending board committee meetings	200,000	240,000	200,000	120,000	760,000
	(b) Commission	2,744,649	2,744,649	2,744,649	2,744,649	10,978,596
	(c) Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (1)	2,944,649	2,984,649	2,944,649	2,864,649	11,738,596
2	Other Non Executive Directors	Mr. Viren Raheja	Mr. S B Ghia			
	(a) Fee for attending board committee meetings	160,000	340,000			500,000
	(b) Commission	2,744,649	2,744,649			5,489,298
	(c) Others, please specify.	Nil	Nil			
	Total (2)	2,904,649	3,084,649			5,989,298
	Total (B)=(1+2)					17,727,894
	Total Managerial Remuneration					28,045,398
	Overall Ceiling as per the Act.					16,467,896

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

₹

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total
1	Gross Salary	CEO	Company Secretary	CFO*	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	Already stated above	2,495,014	6,258,745	8,753,759
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		5,000		5,000
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		Nil	Nil	Nil
2	Stock Option		Nil	Nil	Nil
3	Sweat Equity		Nil	Nil	Nil
4	Commission		Nil	Nil	Nil
	as % of profit		Nil	Nil	Nil
	others, specify		Nil	Nil	Nil
5	Others, please specify		Nil	Nil	Nil
	Total		2,500,014	6,258,745	8,758,759

*Joined on 20th May, 2015**VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES**There were no penalties/punishment/compounding of offences for the year ending 31st March, 2016.

FOR AND ON BEHALF OF THE BOARD
SONATA SOFTWARE LIMITED

Place : Mumbai

Date : 23rd May, 2016

PRADIP P SHAH
 CHAIRMAN

ANNEXURE V

ANNUAL REPORT ON CSR

- 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 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-
 - Mr. S B Ghia (Chairman)
 - Mr. S N Talwar
 - Mr. P Srikar Reddy
- Average net profits of the Company for the last three financial years is ₹ 647,849,359.
- Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) is ₹ 12,956,987.
- Details of CSR spend during the Financial Year 2015-16.
 - Total amount spent for the Financial Year 2015-16 was ₹ 12,753,723
 - Amount unspent was ₹ 203,264
 - Manner in which the amount spent during the Financial Year 2015-16 is detailed below-

₹ in Lakhs

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub Heads: (1) Direct expenditure on projects or programs. (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	Women of India -E Commerce Platform for Artisans in rural clusters for Indusree Foundation	Protection of Arts, Heritage and Culture	Bengaluru	81.88	Direct exp: 77.65 Indirect exp: Nil	77.65	Direct - 77.65
2	Intach-Support of existing Mobile Apps for INTACH	Protection of National Heritage	Bengaluru	5.00	Direct Exp: 4.76 Indirect Exp: Nil	4.76	Direct - 4.76
3	Technology Incubators with CEDI, NIT-Trichy	Contribution to Technology Incubators in Educational Institutions	Technology Incubators with Educational institutions at Tiruchirappalli	35.00	Direct Exp: 35 Indirect Exp: 5	40.00	Direct - 35.00
4	Centre for Deaf & Blind in Bengaluru	Promoting education to the impaired	Bengaluru	5.00	Direct Exp: 5.12 Indirect Exp: Nil	5.12	Direct - 5.12
			TOTAL	126.88		127.53	

- The Company is committed in spending towards the CSR initiatives and has also identified several projects which are implemented in a phased manner. During the year under review, the shortfall in the spend is due to delay in process of internal approvals within the NGO's. The spend has increased as compared to last year and will further increase in the future as the Company is taking necessary steps to channelize the funds allocated for this purpose.
- The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

P. Srikar Reddy
Managing Director and CEO

Date: 23rd May, 2016

S. B. Ghia
Chairman of CSR Committee



ANNEXURE VI

Particulars of Contracts / Arrangements made with Related Parties

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

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

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

There were no contracts / arrangements / transactions entered into during the year ended 31st March, 2016, which were not at arm's length basis.

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

Amount in ₹

Name of the related party	Sonata Information Technology Ltd.	Sonata Software North America Inc.	Sonata Software FZ LLC	Sonata Software GmbH	Sonata Europe Ltd., UK	Sonata Software (Qatar) LLC	Rezopia Inc.
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	132,372,503	1,977,351,696	90,856,829	-	220,907,575	-	90,726,647
Software license fees paid	32,216,326	-	-	-	-	-	-
Service charges recovered	40,491,658	-	-	-	-	-	-
Reimbursement of expenses	8,691,643	5,633,038	325,851	683,274	3,513,395	--	400,000
Inter corporate deposits given	5,137,000,000	-	-	-	-	-	-
Inter corporate deposits recovered	5,117,500,000	-	-	-	-	-	-
Interest on inter corporate deposits received	26,855,946	-	-	-	-	-	-
Recovery of rent	3,587,411	-	-	-	-	-	-
Dividend received	67,507,880	-	-	-	-	-	-
Guarantees given on behalf of subsidiary	331,250,000	596,250,000	-	-	-	-	-
Commission received on guarantees given on behalf of Subsidiary	3,929,427	1,154,027	-	-	-	-	-
Received on redemption of preference shares	-	-	-	-	86,918,479	-	-

Notes:

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

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

Place : Mumbai

Date : 23rd May, 2016

**PRADIP P SHAH
CHAIRMAN**

ANNEXURE VII

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 2015-16 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 Panalal Shah	Director	(7.55)	4.23	0.06	0.25
Srikar Palem Reddy	MD & CEO	16.71	62.18	0.86	3.69
Mukund Dharamdas Dalal	Director	18.00	2.12	0.03	0.13
Shyam Bhupatirai Ghia	Director	(6.67)	4.43	0.06	0.26
Viren Rajan Raheja	Director	(7.65)	4.17	0.06	0.25
Suresh Narsappa Talwar	Director	(6.97)	4.23	0.06	0.25
Brijendra Kumar Syngal	Director	(8.03)	4.28	0.06	0.25
Radhika Rajan	Director	141.01	4.11	0.06	0.24

(ii) & (ix) the percentage increase in remuneration of Chief Financial Officer & Company Secretary, in the Financial Year 2015-16 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
Mr. Prasanna Oke*	Chief Financial Officer	NA	0.12	0.53
Ms. Priya Manoj Jaswani	Company Secretary	12.24	0.05	0.21

*Joined on 20th May, 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 14%. This has been arrived at, by comparing the median remuneration of the cost-to-the Company as on 31st March, 2016 as compared to previous year 31st March, 2015.

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

The total employee strength as on 31st March, 2016 was 2,859 as against 2,732 as on 31st March, 2015.

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

The increase in Company Revenues for the Financial Year 15-16 over 14-15 was 8% and the increase in salaries for employees has been moved to April 2016 and for managerial personnel to July 2016.

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

The remuneration of the Key Managerial Personnel was 0.86% of Revenues and 3.69% 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	2014-15	2015-16
Share price as at 31 st March	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 increase in salaries for Employees has been moved to April 2016 and for Managerial personnel to July 2016. The compensation decisions for each year are taken after considering the parameters such as comparison of employee salaries at various levels with benchmark data from the market and the approved compensation budget as per the financial plan for the Financial Year 2015-16.

(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 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.

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

Place : Mumbai

Date : 23rd May, 2016

**PRADIP P SHAH
CHAIRMAN**

MANAGEMENT DISCUSSION & ANALYSIS



The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto. The financial statements 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 and the relevant provisions of the Companies Act, 2013 / Companies Act, 1956, as applicable. The Company's management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year. Investors are cautioned that this discussion contains forward looking statements that involve risks and uncertainties. When used in this discussion, words like 'will', 'shall', 'anticipate', 'believe', 'estimate', 'intend', 'expect' and other similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences include those described under the heading "Risk factors" in the Company's prospectus filed with the Securities and Exchange Board of India (SEBI) as well as factors discussed elsewhere in this report. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as on their date of statement.

Information provided in this Management Discussion and Analysis (MD&A) pertains to Sonata Software Limited (the Company) and its subsidiaries on a consolidated basis, unless otherwise stated.

ECONOMIC OVERVIEW

In FY16, the Global economic activity remained subdued. Economies particularly in emerging markets continued to adjust to challenges brought by China's rebalancing. In the advanced economies too, growth remained tepid with ongoing struggles in the Eurozone and Japan and an apparent deceleration in the US courtesy of a strong dollar. Financial instability risks remained substantial as demonstrated by recent falls in equity and bond prices worldwide. On a positive note, however, low oil prices kept inflation low, allowing central banks in most major economies to assist growth by keeping monetary policy highly stimulative.

According to OECD, the global economy is expected to grow by 3% in 2016 and 3.3% in 2017. The US economy is expected to grow by 2% in 2016 and by 2.2% in 2017, while the UK is projected to grow at 2.1% in 2016 and 2% in 2017. The euro area is projected to grow at a 1.4% in 2016 and a 1.7% in 2017. China is expected to continue rebalancing its economy from manufacturing to services, growth is forecast at 6.5% in 2016 and 6.2% in 2017.

The Indian economy is estimated to grow at 7.4% in FY2016 and is expected to improve to 7.8% in FY2017, led by banking sector reforms and expected increase in domestic consumption demand on the back of implementation of 7th Central Pay Commission and one-rank-one-pension (OROP) recommendations.

GLOBAL IT INDUSTRY

According to Gartner, worldwide IT spending is forecast to

total \$3.49 trillion in 2016, 0.5% decline over 2015 spending of \$3.52 trillion dollars. Spending in the IT services market is expected to return to growth in 2016. IT services spending is projected to reach \$929 billion in 2016, up 2.1% from 2015. This is due to accelerating momentum in cloud infrastructure adoption and buyer acceptance of the cloud model. India's IT market is projected to grow annually at a rate of 4.95% between 2015 and 2019 - the fastest globally - to touch \$85.3 billion by the end of 2019.

Among verticals, traditional and matured verticals like BFSI, Manufacturing and Telecom continued to drive the growth contributing more than 60% of the total spend, while emerging verticals like Healthcare, Retail, IT consulting, Government and Utilities share increased as SMAC adoption across industries became pervasive. Infrastructure Service Outsourcing (ISO) and system integration growth dropped while Custom Application Development and Management (CADM) and IT consulting grew marginally driven by adoption of SMAC technologies. Among geographies - US continued to lead the growth with 44% share in total revenue (up 3.4% on Y-o-Y basis).

Global Engineering Research & Development (ER&D) and product development segment continued to grow substantially and is estimated to reach USD 1.5 trillion, a growth of 4% over 2014. The global top 1000 corporations accounted nearly 45% share at USD 680 billion. Investments in existing technologies especially robotics, 3D printing, IoT/connected devices as well as SMAC technologies is driving the growth for this segment. Country level 'smart' initiatives around transportation, infrastructure, buildings, cities etc. is adding another fillip to this segment.

The Indian IT-BPM sector is projected to grow 8.5% in FY2016 - from USD 132 billion in FY2015 to USD 143 billion (excl. ecommerce), an addition of USD 11 billion. By 2020, India's IT-BPM sector is projected to reach USD 200-225 billion revenue and USD 350-400 billion by 2025. Digital technologies is expected to grow at the fastest pace and the revenue from these is likely to have a 23% share by 2020 and >38% by 2025.

Gartner has projected India to spend more than \$72 billion in 2016 on IT services, products and hardware, up from 7.2% over 2015. The growth is expected to come on the back of the digitization and the growing number of connected devices that form the Internet of Things (IoT). The IT services, which accounts for 18.1% of the overall IT spend in India, is expected to be the fastest growing segment in 2016 with 13.8% growth year on year.

KEY FOCUS AREAS

Travel & Tourism

According to World Travel & Tourism Council (WTTC), Travel & Tourism in total contributed USD 7.2 trillion to world GDP, representing 9.8% of global GDP and 284 million jobs to the global economy in 2015. The world travel industry overcame



diverse crises including violent conflicts, terrorists attacks and slower economic growth this year to remain on a steady growth path. By 2026, Travel & Tourism is expected to support 370 million jobs in total globally, which will equate to 1 in 9 of all jobs in the world.

Prospects for online travel are positive for 2016 due to the expected strong performance of tourist flows and travel products sales, as well as to the continuous rise of technology players in the travel industry. In 2015, "Smart travel", which is the use of technology to enhance the travel experience, was a key trend and is expected to see further development of this trend in 2016. Online travel is currently experiencing rapid change with mobile channel, personalization and peer-to-peer travel services being the main disruptors. Online travel and mobile technologies are key growth drivers of travel industry. In particular, the rise of the mobile channel is changing booking patterns, consumer behavior and business models in travel. The mobile channel is growing rapidly in the travel industry. Global mobile travel sales accounted for US\$96 billion in 2014 and are expected to reach US\$260 billion in 2019, that is 25% of total online travel bookings.

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.

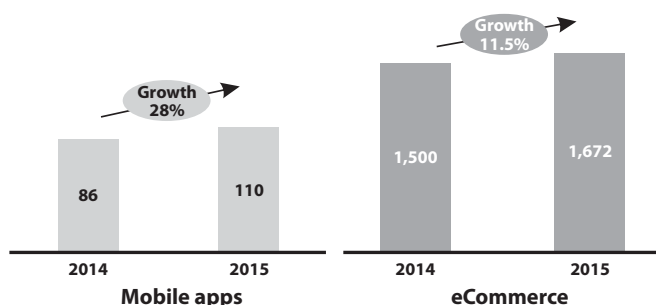
Our expertise in the travel vertical is explained in detail in the Company section that forms a part of this Management Discussion and Analysis.

Retail Industry

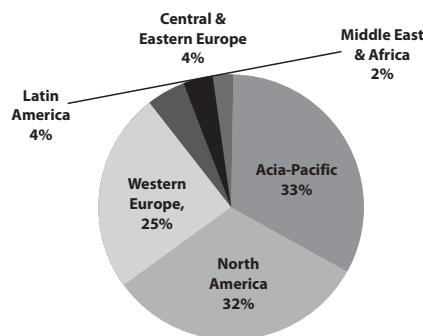
According to marketer's estimation, retail sales in the US grew 3.3% in 2015, and growth is expected to pick up slightly next year to 3.5%. In 2016, retail ecommerce accounted for 7.1% of all retail sales in the US. By 2019, eMarketer estimates, 9.8% of US retail sales will be transacted over the internet. The Western Europe was at 7.5% of retail sales while the Asia-Pacific share is estimated at 10.2%, the highest in the world.

The Global ecommerce industry saw 11.5% growth in 2015 with good and services worth USD 1.7 trillion brought by shoppers via desktops, tablets and smart phones. The ecommerce industry is growing rapidly representing 7.3% of overall global retail sales and is expected to grow more than 2X to reach USD 3.5 trillion, thereby contributing 12% of the total retail sales by 2019, as more people come online around the world. Asia-Pacific region is growing faster at a rate of 33% over 2014, driving adoption of online commerce along with Americas growth rate of 32% in 2015. The key factors driving the growth is increased technology adoption worldwide, growing internet affordability, mobile reach interface and evolving payment mechanism.

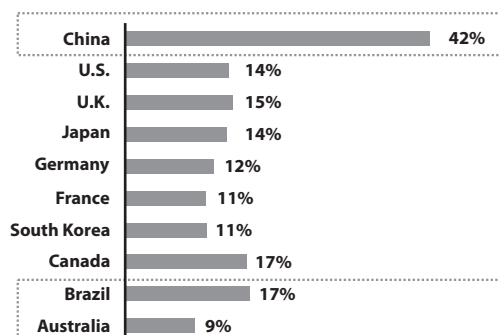
Revenue growing over 11 percent
USD billion



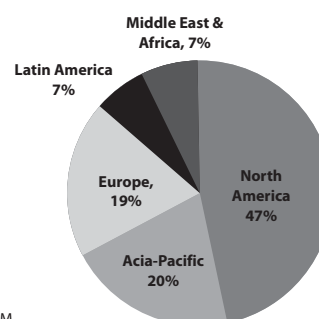
eCommerce: US remains the main market; APAC driving growth
2015: 100% - USD 1,672 billion



China - Dominating the global eCommerce
Estimated sales growth in select economics in 2015*



Mobile apps: Asia driving app downloads and usage
2015: 100% - USD 110 billion



*As on July 2015
Source: eMarketer.com, Gartner, NASSCOM

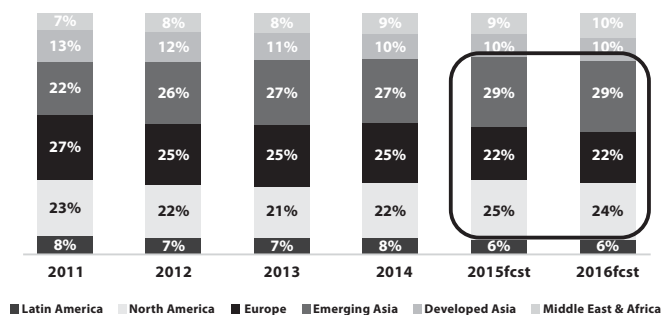
The growth of online-only retailers is forcing brick-and-mortar stores to revamp their operations. They are embarking on Omni-channel strategy including multisensory and in-store seamless consumer experiences, better logistics and at the same time making renewed efforts to enter the e-commerce sector. The growing complexity is giving a way to new era - the futuristic ecommerce 2.0 model, that includes hyper – local commerce with the innovative mobile platforms, payment solutions and Omni-channels retail experience. Ecommerce 2.0 will surface with new pillars replacing the old ones. The new trends emerging in this model will rely heavily on technology enabled differentiated along with exploring new ways of dealing with growing expectations of customers going ahead.

Our expertise in the retail vertical is explained in detail in the Company section that forms a part of this Management Discussion and Analysis.

Digital

Digital is transforming today's enterprise through more efficient business process and leveraging digital technologies that enable new operating models. Digital technologies are expected to propel the addressable market for the global IT services to USD 4 trillion by 2025 and providers who understand new technologies will find it easier to establish leadership in the near future. 80% of incremental expenditures over the next decade is expected to be driven by digital technologies such as platforms, cloud-based applications, big data analytics, mobile systems, social media and cyber security, as well as the services needed to integrate these technologies with remaining legacy core technologies.

Global Digital World Values (USD) share by Region



Digitisation Technologies are emerging as a common theme running across key vertical and services. Almost all IT vendors are increasingly geared towards developing smart products and enabling the smart enterprises. As such, they are exploring partnerships with ER&D service providers for IoT products. Global ER&D spend in 2015 reached \$680 billion, a growth of 5% over 2014. The growth in the spend was driven by increasing interest in Industry 4.0, IoT etc. The India's ER&D segment has also grown significantly in past years. In FY2016, India's ER&D and product development is expected to grow by 12% over FY2015 to reach ~\$22 billion market.

The current scenario opens a wide array of opportunities across industries for the firms that understand how digital technologies

are changing the traditional landscape creating new models and metrics. The IT services players would need to develop best-of-breed solutions specific to use cases, proprietary platforms to integrate legacy and digital technologies and offerings in new digital service lines backed by strong consulting focus. They must also optimize their traditional technology offerings using automation and lean processes.

COMPANY OVERVIEW

Sonata Software is a global services partner of choice for leaders across the software product and Enterprise IT Services space seeking to keep their business digital ready. The Company through its industry specific end-to-end digital solutions, world-class alliances and a track record of relationship with best-in-class technology providers within focus verticals brings in digital innovation, deeper industry knowledge, reliability and speed to market with new technologies for its clients. The Company delivers superior results through its enhanced use of proven delivery solutions, delivery automation tools, global delivery model and sharper alignment to business needs through customer centric Centers of Excellence.

The Company focuses on four major industry verticals viz. Travel, Retail & Consumer Packaged Goods, Supply Chain & Distribution and Independent Software Vendor (ISV). The Company is heavily focused on digital technologies including Omni-Channel Commerce, Mobility, Business Intelligence & Big data and Cloud. The Company has specific expertise on solutions like SAP hybris Omni-Channel Commerce, Microsoft Dynamics AX ERP, Microsoft Azure Cloud and Advanced supply chain Solution and also offer specialized IP based solutions to its focused verticals.

The key highlights and developments in FY2016 have been enumerated below:

1. Investment in Technology/Platforms

- Acquisition of I.B.I.S Inc.:** We acquired I.B.I.S Inc. (Interactive Business Information Systems, INC.), a leading Distribution and Supply Chain solutions provider on Dynamics ax in the US, to strengthen our footprint as a world class si on dynamics ax. Sonata's focus and strengths on digital technologies, retail industry solution footprint and global delivery capability is complemented by I.B.I.S., Inc.'s status as an eminent US distribution industry technology provider. This combination is not only bringing industry leading solutions for retail and distribution from one single entity but also has a unique offering for those companies that need a combined retail and distribution solution.
- Halosys:** The Company also acquired a 100% stake in the enterprise mobility enablement technology provider Halosys. Based in Santa Clara, California, Halosys is an innovator in providing technology platform and solutions that help enterprises realize the transformational impact of mobile on business. Halosys provides a single Unified Enterprise Mobile Enablement platform that enables businesses build, secure, manage and deploy an enterprise wide mobile applications portfolio.



This acquisition is in continuation of our strategy of investing in IP to drive our services growth and differentiating ourselves. Mobility has been one of the focus areas of investment for the past 2 years. Effective mobile innovation strategy and execution is critical to businesses these days. Addition of Halosys platform and team's strong expertise in enterprise mobility as part of Sonata's portfolio will significantly enhance our value proposition of digital transformation.

- c. Rezopia: Since the acquisition of Rezopia, we have invested capital into building the platform and making it more robust including a SAAS model which has been appreciated by the market. Rezopia has strengthened Sonata's positioning as a leading technology partner for the travel and hospitality industry and is key to sonata's strategy for growth in this industry. Rezopia again won the Silver award at the prestigious Travel Weekly Magellan Awards 2015 for online travel booking category.
- d. Brick & Click: 'Brick and Click' is a solution built on dynamics ax retail that provides an end to end solution for brick and mortar retailers to deliver Omni channel commerce solutions. This encompasses search and buying on online website, mobile, integration to online market places and cross channel order fulfillment including single view of customer, product and inventory, Order Tracking, Picking, Packing, Dispatch, Payment Reconciliation, Procurement, analytics and consolidated financials.
- e. For the ISV vertical, we launched two new offerings. The first offering helps ISVs to engineer their existing on-premise products to be deployed on Cloud, while the second helps ISVs in re-stacking their product from older technologies to newer ones and to make better user experience possible for the new generation users.
- f. Sonata also developed a range of horizontal platforms such as Unified Data Analytics Platform, DevOps and CloudOps platform to offer a base of emerging technology solutions that can be extended and integrated for industry specific applications.

2. Investment in People

This year saw a lot of action and initiatives on the people front. Sonata's leadership team was significantly enhanced with new leaders joining into steer our sales, vertical and digital initiatives. Such senior personnel who joined us include the Sales Head for USA, Delivery Operations, Vertical Heads for Distribution, Retail and TTL, Competency Heads, Corporate Communications and Pre-sales.

This apart, the addition of talent from the newly acquired entities also went a long way to strengthen our footprint in specific technologies such as Mobility and Dynamics, as well as in enhancing our global talent pool.

3. Investment in New Facilities & Offices

In the course of the year we invested into enhancing our

facilities and shifted to new bigger offices both in London and Fremont. With the IBIS offices in Atlanta also being part of our network of locations, the ability for our team to access and serve customers was further improved. Further, we have opened a new SEZ unit in our Global Village campus in Bengaluru, India.

4. Key Operating Metrics

International IT services contributed 36% of revenues while Domestic products and services contributed 64% of the total revenues. Almost 56% of our services revenue was contributed by the USA while Europe including UK contributed 30% and 14% was from rest of the world. The onsite revenue contributed 39% while the balance was from offshore activities.

From a vertical perspective, Travel & Tourism continued to have the maximum share of around 32% in the revenues, OPD contributed 30%, retail distribution contributed 20% while the balance came from other services.

From a competency perspective, we have been observing a trend where the contribution from activities like ADM and testing have been going down while cloud, mobility and e-commerce activities steadily inch up. The contribution from Digital activities in this fiscal was approximately 31% and this would show a north ward trend as we move forward.

The profile of customers greatly enhanced with the new customers coming in from the Halosys and the I.B.I.S acquisition. We added almost 26 new clients this fiscal and our portfolio boasts of almost 18 Fortune 500 clients and a total of 21 million dollar clients. The addition of new clients has brought down the concentration of the top 10 customer contribution to the revenue and it now stands at 67% compared to 72% in the last fiscal.

5. CSR Activities

Last year the company had 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 commitment to NIT Trichy CEDI to promote entrepreneurship and innovation amongst students reached multiple colleges and received over a hundred applications for incubation support. The Company funded ₹ 35 lakhs to Centre for Entrepreneurship development and Incubation (CEDI). We also developed an e-commerce platform to facilitate direct interaction between craftspeople and their customers for the INDUSTREE Foundation, who operate the Mother Earth chain.

FINANCIAL OVERVIEW

Consolidated Financial Highlights:

1. Revenue

Revenue increased by 15% at ₹ 1,941 crores for the Year ended 31st March, 2016 as compared to ₹ 1,682 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, 2016.

2. EBITDA

The EBITDA was at 12% at ₹ 236 crores for the year ended 31st March, 2016 as compared to 11% at ₹ 188 crores for the same period last year. International IT services contributed 77% while Domestic products and services contributed 23% of the EBITDA for the Year ended 31st March, 2016.

3. Profit after Tax after minority interest

Profit after Tax was at 8.2% at ₹ 159 crores for the year ended 31st March 2016 as compared to 7.9% at ₹ 134 crores for the same period last year. International IT services contributed 79% while Domestic products and services contributed 21% of the PAT for the Year ended 31st March, 2016.

4. Interest and Borrowings

During the year the Company has incurred ₹ 7.95 crores as interest cost for its working capital requirements.

The Company had a Net Cash balance of ₹ 176 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, 2016 was 30.40%.

6. Net Worth

The Return on Average Net Worth (RONW) for the year ended 31st March, 2016 was 35.29%.

7. Fixed Assets

The Company added fixed assets to the extent of ₹ 14.4 crores. Net cash generated from operations is ₹ 158 crores for the year ended 31st March, 2016.

8. Manpower

The total employee strength as on 31st March, 2016 was 3,259 as against 3,018 as on 31st March, 2015.

Financial Highlight of SSL Standalone

1. Revenue

Revenue increased by 8% at ₹ 505 crores for the Year ended 31st March, 2016 as compared to ₹ 467 crores for the same period last year.

2. Operating Expenses

The ratio of operating expenditure to total income has increased by 1.4% over the same period last year.

3. EBITDA

The EBITDA was at 33% for the year ended 31st March, 2016 as compared to 34% for the same period last year.

4. Profit after Tax

Profit after Tax was at 23% for the year ended 31st March, 2016 as compared to 25% for the same period last year.

5. Interest and Borrowings

During the year the Company has incurred ₹ 3.9 crores as interest cost for its working capital requirements.

The Company had a Net Cash balance of ₹ 141 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, 2016 was 29.61%

7. Net Worth

The Return on Average Net Worth (RONW) for the year ended 31st March, 2016 was 32.73%

8. Fixed Assets

The Company added fixed assets to the extent of ₹ 10 crores, mainly in the new SEZ unit in Global village campus at Bengaluru and its corporate office. Net Cash generated from operations is ₹ 82 crores for the year ended 31st March, 2016.

9. Manpower

The total employee strength as on 31st March, 2016 was 2,859 as against 2,732 as on 31st March, 2015.

OUTLOOK

The company will continue to focus on its strategy to be the digital transformation partner across core verticals based on our IP and specialized services around digital technologies like analytics, cloud, social, omni-channel commerce and mobility. We believe we have created a solid platform for growth based on our IP, customer base, alliances, specialized services, geographical presence, management strength, and deep client relationships.

This combined with the changes taking place in the market and buying behavior of clients positions ourselves uniquely to be strategic partners of clients digital initiatives.

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. longstanding relationships with key clients



together with long term strategic projects and engagements helps abate the impact.

(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 top10 clients' contribution has declined to nearly 67 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 interms 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, differentiated IP 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.

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 3,259 which was an increase by 8% compared to the previous year's headcount of 3,018. 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 has helped in further strengthening the internal control systems that are in place.

The existing internal control systems and their adequacy have been reviewed extensively during the year by internal auditors, statutory auditors and external consultants. They have expressed a opinion that the internal control system is adequate and functioning effectively. The Internal Financial Control Systems, related policies and procedures have been tested by the statutory auditors and internal auditors during the year. They have expressed their satisfaction with regard to the adequacy and effectiveness of the financial control systems in place to address risk management and mitigation strategies.

REPORT ON CORPORATE GOVERNANCE



Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Listing Agreement entered into with the Stock Exchanges (applicable for the period upto 30th November, 2015 and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and hereby presents the following Corporate Governance Report for the Financial Year 2015-16 based on the said requirements.

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

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

II BOARD OF DIRECTORS

The Board of Directors of the Company as on 31st March, 2016 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 2015-16, 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 19th May, 2015; 5th August, 2015; 2nd November, 2015; 6th November, 2015; 9th February, 2016 and 9th March, 2016.

In accordance with Section 149 read with Schedule IV to the Companies Act, 2013 ("the Act") and Listing Regulations, a meeting of the Independent Directors was held during the Financial Year 2015-16 without the attendance of the Non-Independent Directors and members of the management.

The Independent Directors have undergone a formal induction programme to familiarise them with the business and operations of the Company. The details of the familiarisation programme is available on Company website at http://www.sonata-software.com/corporate_governance.

The names, designation, categories of the Directors and their shareholding in the Company as on 31st March, 2016 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	1,036,260
Viren Raheja	Director	Promoter, Non-executive Director	8,250,000
P Srikar Reddy	Managing Director & CEO	Executive Director	1,240,228
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 2015-16 and at the last Annual General Meeting, number of other Directorships in Indian companies and committee memberships/Chairmanship held by them in Indian public companies as on 31st March, 2016 is given below:

Name of the Director	No. of Board Meetings held	No. of Board Meetings attended#	Attendance at last AGM held on 31 st July, 2015	No. of Directorships held in other Indian Companies	No. of Committee Memberships/ Chairmanship held in other Indian Public companies*	
					As Chairman	As Member
Pradip P Shah	6	5	Yes	16	1	7
S B Ghia	6	6	Yes	5	1	5
M D Dalal	6	5	Yes	3	0	2
Viren Raheja	6	6	No	20	0	3
P Srikar Reddy	6	4	Yes	2	0	1
S N Talwar	6	6	Yes	20	1	2
B K Syngal	6	5	Yes	4	2	2
Radhika Rajan	6	5	No	6	0	1



Note:

#Meetings attended includes attendance through video-conferencing

*Includes only committee Membership/Chairmanship of Audit Committee and Stakeholders Relationship Committee.

III AUDIT COMMITTEE

• Terms of Reference

Role of the Audit Committee inter-alia includes the following:

1. To recommend appointment, remuneration and terms of appointment of auditors of the company
2. To review and monitor the auditors' independence and performance and effectiveness of audit process
3. To examine the financial statements and the auditors' report thereon
4. To approve any transactions or subsequent modification of transactions of the Company with related parties
5. To scrutinize inter-corporate loans and investments
6. To do a valuation of undertakings or assets of the company wherever necessary
7. To evaluate internal financial controls and risk management systems
8. To monitor the end use of funds raised through public offers and related matters.

In addition to the above Audit Committee discharges such duties and functions generally indicated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; Companies Act, 2013 and the Rules made thereunder and also such functions as may be specifically delegated by the Board from time to time.

During the Financial Year under review, the Audit Committee met four times on 19th May, 2015; 5th August, 2015; 2nd November, 2015; 9th February, 2016.

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

• Details of Composition and Attendance of the Audit Committee Meetings

Name of the Director	Category	Position	Number of Audit Committee Meetings	
			Held	Attended
B K Syngal	Independent Director	Chairman	4	4
S B Ghia	Promoter, Non-executive Director	Member	4	4
Pradip P Shah	Independent Director	Member	4	4

IV NOMINATION AND REMUNERATION COMMITTEE

• Terms of Reference

Role of the Nomination and Remuneration Committee inter-alia includes the following:

1. To identify and recommend appointment of persons qualified to become directors and positions in senior management, their removal and evaluation of their performance
2. To formulate criteria for determining qualifications, positive attributes and independence of a director
3. To recommend to the Board a policy, relating to the remuneration for directors, KMP and other employees.

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

• Details of Composition and Attendance of the Nomination and Remuneration Committee Meetings

Name of the Director	Category	Position	Number of Nomination and Remuneration Committee Meetings	
			Held	Attended
S N Talwar	Independent Director	Chairman	2	2
S B Ghia	Promoter, Non-Executive Director	Member	2	2
B K Syngal	Independent Director	Member	2	2
Viren Raheja	Promoter, Non-Executive Director	Member	2	2

• Performance evaluation criteria

The Board has conducted an evaluation of its performance and details of the same is given in the Director's Report.

• **Details of remuneration paid/payable to all the Directors during the Financial Year ended 31st March, 2016**

Name	Salary & Perquisites (In ₹)	Commission & Sitting fees (In ₹)	Shares issued under ESOP	Details of service contracts; notice period & severance fees
Pradip P Shah	Nil	2,944,649	Nil	-
M D Dalal	1,475,004	Nil	Nil	Effective 01.04.2012 re-appointed as Executive Vice Chairman for a period of 5 years vide agreement dated 24.05.2012. Three months notice period and no severance fees
P Srikar Reddy	26,554,402	7,929,549	8,842,500	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 B Ghia	Nil	3,084,649	Nil	-
Viren Raheja	Nil	2,904,649	Nil	-
S N Talwar	Nil	2,944,649	Nil	-
B K Syngal	Nil	2,984,649	Nil	-
Radhika Rajan	Nil	2,864,649	Nil	-

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

The Shareholders at their meeting held on 6th August, 2013 had, by way of Special Resolution authorised the Board of Directors of the Company to pay commission to Non-Executive Directors, in such amounts or proportions which cumulatively shall not exceed 1% of the net profits of the Company in any Financial Year.

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

V STAKEHOLDERS RELATIONSHIP COMMITTEE:

• **Terms of Reference**

Role of the Stakeholder Relationship Committee inter-alia includes the following:

1. To extend its scope of services to all stakeholders of the Company including, shareholders, debenture holders, deposit holders and any other security holders

2. To consider and resolve the grievances of security holders of the Company.

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

• **Details of Composition and Attendance of the Stakeholders Relationship Committee Meetings**

The Stakeholders Relationship Committee met four times during the Financial Year 2015-16. They met on 19th May, 2015; 5th August, 2015; 2nd November, 2015 and 9th February, 2016.

Name of the Director	Category	Position	Number of Stakeholders Relationship Committee Meetings	
			Held	Attended
S B Ghia	Promoter, Non-executive Director	Chairman	4	4
M D Dalal	Promoter, Executive Director	Member	4	3
P Srikar Reddy	Executive Director	Member	4	4

- Priya Manoj Jaswani, Company Secretary acts as the Company's Compliance Officer
- During the Financial Year under review, 26 investor grievances were received and all of them successfully resolved.

VI CORPORATE SOCIAL RESPONSIBILITY "CSR" COMMITTEE

• **Terms of Reference**

Role of the Corporate Social Responsibility Committee inter-alia includes the following:

1. To formulate and recommend to the Board a CSR Policy for the Company as specified in Schedule VII
2. To recommend the amount of expenditure to be incurred on the above activities
3. Monitor the CSR Policy from time to time.

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

The CSR Committee met one time during the Financial Year 2015-16. They met on 9th February, 2016.



Details of Composition and Attendance of the CSR Committee Meetings

Name of the Director	Category	Position	Number of Corporate Social Responsibility Committee Meetings	
			Held	Attended
S B Ghia	Promoter, Non-executive Director	Chairman	1	1
S N Talwar	Independent Director	Member	1	1
P Srikar Reddy	Executive Director	Member	1	1

VII SHAREHOLDERS' MEETINGS

Details of last three AGMs held:

Financial Year	Date	Venue	Time
2012-13	06.08.2013	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001	4.00 pm
2013-14	11.08.2014	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001	4.00 pm
2014-15	31.07.2015	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001	4.00 pm

Special Resolutions passed in the previous three AGMs

- Financial Year 2012-13 – Special Resolution passed for payment of commission to non-whole-time Directors pursuant to Section 309 of the Companies Act, 1956.
- Financial Year 2013-14 – The following Special Resolutions were passed at the AGM:
 - To create, offer and grant Employee Stock Option to the permanent employees of the Company;
 - To create, offer and grant Employee Stock Option to the permanent employees of the Wholly Owned Subsidiary Companies;
 - Approval under Section 180(1)(c) for borrowing monies
- Financial Year 2014-15 – No special resolution was passed at the AGM

- No special resolution was passed through postal ballot during the Financial Year 2015-16
- None of the items to be transacted at the ensuing meeting is required to be passed by postal ballot.

VIII MEANS OF COMMUNICATION

- Quarterly results / Other information

- The half yearly/ quarterly results are generally published in Business Standard (all India edition) and in Navshakti (Mumbai edition).
- The quarterly financial statements, press releases, shareholding pattern and presentations made to analysts/institutional investors are posted on Company's website <http://www.sonata-software.com>.
- Presentations made to the institutional investors and financial analysts on the Company's financial results are uploaded on the Company's website

IX GENERAL SHAREHOLDER INFORMATION

1. Annual General Meeting

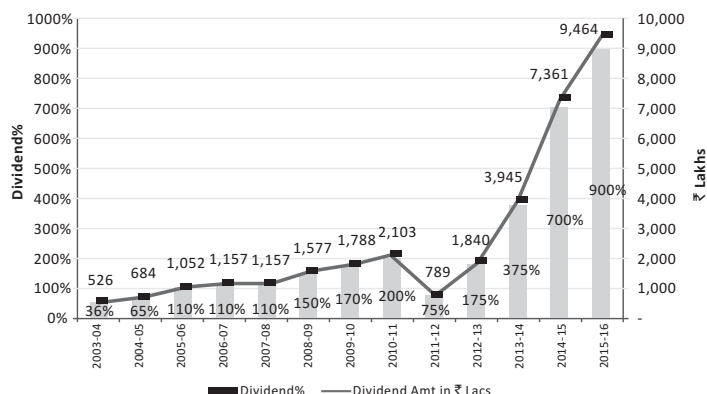
The next Annual General Meeting of the Company will be held on Monday, 8th August, 2016 at 4.00 p.m. at M.C.Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg (Behind Prince of Wales Museum), Mumbai – 400 001. Ph : (022) 22844350

2. Financial Year

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

3. Payment of Dividend

The Company paid first interim dividend of ₹ 3.50/- per equity share and the second interim dividend of ₹ 5.50/- per equity share adds up to a total dividend of ₹ 9/- per equity share of ₹ 1/- each for the Financial Year 2015-16. The Company has not recommended final dividend to its shareholders.



4. Listing on Stock Exchanges & Stock Code

- (a) Your Company's equity shares are listed & traded on the following stock exchanges :

BSE Limited (BSE)	National Stock Exchange of India Ltd (NSE)
Phiroze Jeejeebhoy Towers	Exchange Plaza, 5 th Floor, Plot No.C/1
Dalal Street, Fort	G Block, Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 001	Mumbai – 400 051
Stock Code : 532221	Stock Code : SONATSOFTW

- (b) Listing fees for the Financial Year 2015-16 have been paid to above stock exchanges.
- (c) As on 31st March, 2016, your Company had 34,088 shareholders.

5. Stock Market Data

- (a) Market Capitalization as on 31st March, 2016 : ₹1,059 Crores (based on closing price in BSE)
- (b) Number of shares traded during FY 2015-16: BSE : 148 Lakhs & NSE : 592 Lakhs
- (c) The monthly high and low quotations of shares traded at BSE and NSE during Financial Year 2015-16 and performance in comparison with BSE Sensex are as given below:

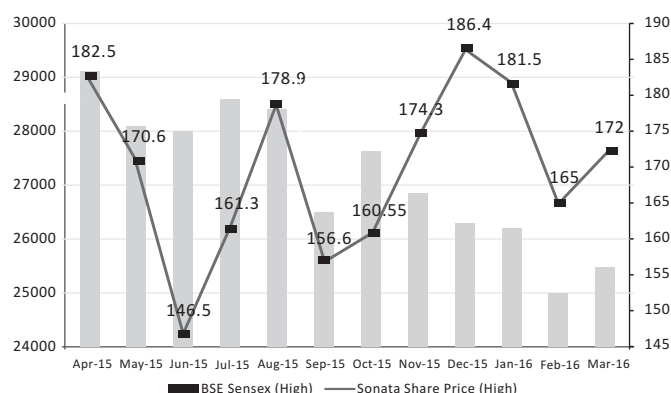
Month	BSE		NSE		BSE Sensex	
	High	Low	High	Low	High	Low
Apr-15	182.5	143	182.6	143.3	29,095	26,898
May-15	170.6	135.1	170.4	128.9	28,071	26,424
Jun-15	146.5	127.25	146.9	127	27,969	26,307
Jul-15	161.3	128.7	161.3	128.65	28,578	27,416
Aug-15	178.9	129	179.1	128.45	28,418	25,298
Sep-15	156.6	134.1	156.8	135.1	26,472	24,834
Oct-15	160.55	148	161	148.2	27,618	26,169
Nov-15	174.3	144	174.4	145.15	26,824	25,451
Dec-15	186.4	162.5	186	162.2	26,256	24,868
Jan-16	181.5	150	181.65	149.8	26,197	23,840
Feb-16	165	125.95	168.5	125.65	25,002	22,495
Mar-16	172	128.5	171.9	128	25,480	23,133

7. Distribution of shareholding

- (a) Distribution Schedule

Range of equity shares held	As on March 31, 2016				As on March 31, 2015			
	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	27,312	80.11	3,963,481	3.77	27,433	78.53	410,8521	3.91
501-1000	3,281	9.63	2,870,758	2.73	3,537	10.13	3,094,416	2.94
1001-5000	2,559	7.51	5,974,167	5.68	2,856	8.18	6,682,433	6.35
5001-10000	421	1.24	3,165,546	3.01	508	1.45	3,827,241	3.64
Over 10001	515	1.51	89,185,354	84.81	596	1.71	8,7446,695	83.16
Total	34,088	100	105,159,306	100	34,930	100	105,159,306	100

Sonata Share Price v/s BSE Sensex



6. Share Transfer System / Investor Service

As the Company's shares are traded in dematerialized form, transfer requests are processed and approved in electronic form by NSDL/CDSL through their depository participants. Transfer of shares in physical form are processed by our Registrar and Share Transfer Agent, Karvy 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 2015-16:

Transfer period	No. of transferees (Folios)	No. of shares	Percentage
1-15 days	2	12,800	100
Above 15 days	-	-	-
Total	2	12,800	100

Details of complaints received and resolved from 1st April 2015 to 31st March 2016:

Complaints	Received	Attended to	Pending
Non-receipt of dividend	26	26	-
Non-receipt of Annual Report	-	-	-
Others	-	-	-
Total	26	26	-



(b) Shareholding Pattern

Category	As on March 31, 2016				As on March 31, 2015			
	No. of share holders	% to total holders	No. of shares	% to total holders	No. of share holders	% to total holders	No. of shares	% to total holders
Promoters	12	0.04	32,550,161	30.95	19	0.05	34,040,161	32.37
Bodies Corporate	639	1.87	6,761,646	6.43	666	1.91	8,801,706	8.37
FIIIs / NRIs	486	1.43	600,986	0.57	582	1.67	9,429,468	8.97
IFIs/Mutual Funds/Banks	4	0.01	33,824	0.03	8	0.02	276,383	0.26
Trusts	6	0.02	1,576,375	2.52	7	0.02	1,655,675	1.57
Clearing Members	108	0.32	135,898	0.13	196	0.56	332,594	0.32
Public	32,833	96.32	63,500,416	59.37	33,452	95.77	50,623,319	48.14
Total	34,088	100	105,159,306	100	34,930	100	105,159,306	100

8. 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 Computer share 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 March 31, 2016		As on March 31, 2015	
	No. of Shares	% of holding	No. of Shares	% of holding
Physical	2,566,794	2.44	2,694,494	2.56
Electronic	102,592,512	97.56	102,464,812	97.44
Total	105,159,306	100	105,159,306	100

Number of Shares dematerialized during Financial Year 2015-16: 136,250 Shares.

Number of Shares rematerialized during Financial Year 2015-16: 8,550 Shares.

9. The Company does not have any outstanding GDRs/ ADRs/ Warrants or any Convertible Instruments.**10. Office Locations**

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

11. Tentative financial calendar for FY 2016-17

Financial results for the first quarter ending 30th June, 2016 August, 2016

Financial results for the second quarter ending 30th September, 2016 November, 2016

Financial results for the third quarter ending 31st December, 2016 February, 2017

Financial results for the Financial Year ending 31st March, 2017 May, 2017

Annual General Meeting for the year ending 31st March, 2017 August, 2017

12. Address and contact details of the Company and Share transfer agents

Company Secretary
Sonata Software Ltd
1/4, APS Trust Building, Bull Temple Road
N R Colony, Bengaluru - 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: (040) 67161591
Fax: (040) 23420814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

X. 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

XI VIGIL MECHANISM

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

The said Policy has been communicated to the employees and is also available on the Company's website. The Company affirms that no employee has been denied access to the Audit Committee during the Financial Year 2015-16.

XII MANDATORY/NON-MANDATORY REQUIREMENTS

During the Financial Year 2015-16, the Company–

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

- (b) Has adopted the following non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- The Company has appointed separate persons to the post of Chairman and Managing Director
- The Company follows a direct reporting of Internal Auditor directly to the Audit committee

XIII WEB LINK WHERE POLICY FOR DETERMINING 'MATERIAL' SUBSIDIARIES IS GIVEN BELOW-

The Policy for determining 'material' subsidiaries is posted on Company's website (<http://www.sonata-software.com/Corporate-governance>).

XIV DISCLOSURE OF COMMODITY PRICE RISK AND COMMODITY HEDGING ACTIVITIES

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

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

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

XVI DECLARATION

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, 2016.

CEO / CFO CERTIFICATION



To
The Board of Director
Sonata Software Limited
Mumbai

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

- (a) We have reviewed Financial Statements and the Cash Flow Statement for the year ended 31st March, 2016 and :
 - (i) These Financial Statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading ;
 - (ii) These Financial Statements together present a true and fair view of the company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations;
- (b) There is, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31st March, 2016, which is fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining Internal Controls for financial reporting and that we have evaluated the effectiveness of Internal Control Systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such Internal Controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and Audit committee that for the year ended 31st March, 2016, there were;
 - (i) No significant changes in Internal Control over financial reporting ;
 - (ii) No significant changes in accounting policies; and
 - (iii) No instances of significant fraud of which we have become aware and there has been no involvement therein of the management or an employee having a significant role in the Company's Internal Control System over financial reporting.

P Srikar Reddy
Managing Director & CEO

Prasanna Oke
CFO

Place : Mumbai

Date : 23rd May, 2016

AUDITORS' CERTIFICATE

**To the members of SONATA SOFTWARE LIMITED**

We have examined the compliance of conditions of Corporate Governance by Sonata Software Limited, for the Financial Year ended 31st March, 2016, as stipulated in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion of 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 the above mentioned Regulation.

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.

Place: Bengaluru

Date : 23rd May 2016

(P. Sriram)

P. Sriram & Associates

FCS No. 4862 / C.P No : 3310

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, 2016, the Statement of Profit and Loss and 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 prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial 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 and the Order under section 143 (11) of the Act.

We conducted our audit of the standalone financial statements 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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 standalone 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, 2016, 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 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 standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditors' 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.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 008072S)

Place : Mumbai

Date : 23rd May, 2016

V. Srikumar

Partner
(Membership No. 84494)



ANNEXURE "A"

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

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

We have audited the internal financial controls over financial reporting of **Sonata Software Limited** ("the Company") as of 31st March, 2016, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 008072S)

Place : Mumbai

Date : 23rd May, 2016

V. Srikumar

Partner
(Membership No. 84494)



ANNEXURE "B"

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the conveyance deed of building provided to us, we report that, the title deeds, comprising all the immovable properties of building which are freehold as at the balance sheet date, are held in the name of the Company. In respect of immovable properties of land that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 186 of the Act in respect of investments made. According to the information and explanations given to us, the Company has not granted any loan or provided any guarantees and securities.
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits and hence the reporting under clause (v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act and hence the reporting under clause (vi) of the Order is not applicable to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Duty of Customs, Duty of Excise, 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, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales-tax, Service Tax, Duty of Customs, Duty of Excise, and Value Added Tax which have not been deposited as on 31st March, 2016 on account of disputes are given below:

Name of statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (in ₹)
Income-tax Act, 1961	Withholding Tax and Interest thereon	Supreme Court	AY 2000-01, 2001-02 and 2002-03	284,187,956
Income-tax Act, 1961	Income Tax and Interest thereon	Commissioner of Income Tax (Appeals)	AY 2008-09 and AY 2010-11 to 2012-13	445,497,994*
Finance Act, 1994	Service Tax, Penalty and Interest thereon	Customs, Excise and Service Tax Appellate Tribunal	FY 2005-06 to 2008-09	67,653,029

* Net of ₹ 302,737,180/- paid under protest.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company has neither taken any loans or borrowings from government and financial institution nor has issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary companies or persons connected with them and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 008072S)

Place : Mumbai

Date : 23rd May, 2016

V. Srikumar

Partner
(Membership No. 84494)

BALANCE SHEET as at 31st March, 2016



₹

	Note No.	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	105,159,306	105,159,306
Reserves and surplus	4	3,498,374,417	3,467,822,218
		3,603,533,723	3,572,981,524
NON-CURRENT LIABILITIES			
Other long-term liabilities	5	40,174,289	18,361,128
		40,174,289	18,361,128
CURRENT LIABILITIES			
Short-term borrowings	6	965,128,086	53,167,167
Trade payables			
- total outstanding dues of micro and small enterprises	26	1,037,705	1,111,251
- total outstanding dues other than micro and small enterprises	7	326,117,930	363,378,364
		327,155,635	364,489,615
Other current liabilities	8	114,455,925	89,647,399
Short-term provisions	9	98,341,521	680,745,002
		1,505,081,167	1,188,049,183
TOTAL		5,148,789,179	4,779,391,835
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
- Tangible assets	10(i)	164,993,689	99,914,600
- Intangible assets	10(ii)	19,151,239	24,789,669
- Capital work-in-progress		2,799,091	1,937,425
		186,944,019	126,641,694
Non-current investments	11	260,192,650	510,001,270
Deferred tax assets (net)	12	99,806,104	84,055,207
Long-term loans and advances	13	469,696,671	577,989,778
Other non-current assets	14	1,284,772	94,263
		1,017,924,216	1,298,782,212
CURRENT ASSETS			
Current investments	15	699,995,957	563,412,413
Trade receivables	16	1,245,196,500	1,020,834,555
Cash and cash equivalents	17	1,855,068,835	1,623,287,601
Short-term loans and advances	18	111,862,215	41,162,416
Other current assets	19	218,741,456	231,912,638
		4,130,864,963	3,480,609,623
TOTAL		5,148,789,179	4,779,391,835

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

V. SRIKUMAR
Partner

Place : Mumbai
Date : 23rd May 2016

For and on behalf of the Board of Directors

PRADIP P SHAH
Chairman

S B GHIA
Director

B K SYNGAL
Director

P SRIKAR REDDY
Managing Director & CEO

VIREN RAHEJA
Director

RADHIKA RAJAN
Director

R SATHYANARAYANA
VP - Finance & Accounts

M D DALAL
Executive Vice Chairman

S N TALWAR
Director

PRASANNA OKE
Chief Financial Officer

PRIYA MANOJ JASWANI
Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2016

₹

	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
REVENUE			
Revenue from operations	20.1	5,048,040,268	4,668,775,158
Other income	20.2	389,355,376	316,423,389
Total revenue		5,437,395,644	4,985,198,547
EXPENSES			
Purchase of stock-in-trade (traded goods)		14,286,718	2,582,253
Employee benefits expense	21	2,864,248,094	2,575,710,022
Finance costs	22	39,061,677	11,430,198
Depreciation and amortization expense	10(iii)	43,680,805	52,227,186
Other expenses	23	889,690,251	805,187,577
Total expenses		3,850,967,545	3,447,137,236
Profit before tax		1,586,428,099	1,538,061,311
Tax expense			
Current tax expense		391,803,579	342,827,871
Short provision for tax relating to prior years		35,930,546	1,866,357
Deferred tax		(15,750,897)	18,669,296
Net tax expense		411,983,228	363,363,524
Profit for the year		1,174,444,871	1,174,697,787
Earnings per share - Basic and Diluted (on ₹1 per share)	36	11.17	11.17
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

V. SRIKUMAR
Partner

Place : Mumbai
Date : 23rd May, 2016

For and on behalf of the Board of Directors

PRADIP P SHAH
Chairman

S B GHIA
Director

B K SYNGAL
Director

P SRIKAR REDDY
Managing Director & CEO

VIREN RAHEJA
Director

RADHIKA RAJAN
Director

R SATHYANARAYANA
VP - Finance & Accounts

M D DALAL
Executive Vice Chairman

S N TALWAR
Director

PRASANNA OKE
Chief Financial Officer

PRIYA MANOJ JASWANI
Company Secretary

CASH FLOW STATEMENT For the year ended 31st March, 2016



₹

	Year ended 31.03.2016	Year ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	1,586,428,099	1,538,061,311
Adjustments for :		
Depreciation and amortization expense	43,680,805	52,227,186
Finance costs	39,061,677	11,430,198
Provision for doubtful trade receivables	567,194	162,381
Bad trade receivables written off	-	513,451
Provisions/ liabilities no longer required written back	(48,746,189)	(17,734,167)
Interest from fixed deposits/margin money with banks	(112,224,328)	(87,711,244)
Interest from inter-corporate deposits	(26,855,946)	(18,604,780)
Interest on Income-tax refund	-	(1,820,301)
Dividend income from current investments	(16,985,509)	(26,181,825)
Dividend income from long-term investments in subsidiaries	(67,507,880)	(57,381,698)
(Gain) / loss on sale of fixed assets / scrapped	(886,237)	1,138,092
Net (gain) on sale/valuation of current investments	(7,048,334)	(907,394)
Unrealized foreign exchange gain (net)	(27,319,760)	(38,272,963)
Operating profit before working capital changes	1,362,163,592	1,354,918,247
Adjustments for :		
Decrease/(increase) in trade receivables	(227,444,283)	(373,884,955)
Decrease/(increase) in other current assets	9,538,638	9,879,761
Decrease/(increase) in long-term loans and advances	(134,491)	(28,721,417)
Decrease/(increase) in short-term loans and advances	(45,763,840)	42,008,789
(Decrease)/increase in trade payables	49,503,397	57,299,642
(Decrease)/increase in other current liabilities	20,454,711	21,073,782
(Decrease)/increase in other long-term liabilities	21,813,161	11,402,683
(Decrease)/increase in short-term provisions	983,819	5,572,527
Cash generated from operations	1,191,114,704	1,099,549,059
Direct taxes/advance tax paid (net)	(366,980,845)	(265,413,067)
Net cash flow from operating activities (A)	824,133,859	834,135,992
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(101,040,062)	(51,294,503)
Proceeds from sale of fixed assets	2,293,231	2,485,331
Proceeds from redemption of investment in subsidiary	72,257,500	-
Proceeds of current investments (net)	48,015,910	14,104,943
Bank balances not considered as Cash and cash equivalents	(518,984,740)	(1,143,344,395)
Interest received	124,145,119	59,727,230
Dividend received	16,985,509	26,181,825
Dividend received from subsidiary	67,507,880	57,381,698
Inter corporate deposit to subsidiary (net)	(19,500,000)	-
Net cash flow from / (used in) investing activities (B)	(308,319,653)	(1,034,757,871)

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		Year ended 31.03.2016	Year ended 31.03.2015
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds/(repayment) from/(of) short-term borrowings (net)		911,960,919	(3,780,583)
Dividends paid on equity shares		(1,395,524,404)	(574,995,658)
Dividend taxes paid on equity shares		(263,842,947)	(92,558,263)
Finance costs		(40,769,037)	(9,717,717)
Net cash flow used in financing activities	(C)	(788,175,469)	(681,052,221)
Net increase/(decrease) in Cash and cash equivalents	(A+B+C)	(272,361,263)	(881,674,100)
Opening Cash and cash equivalents (Refer Note 17)		470,000,067	1,360,977,897
Exchange difference on translation of foreign currency Cash and cash equivalents		(13,692,243)	(9,303,730)
Closing Cash and cash equivalents (Refer Note 17)		183,946,561	470,000,067
Cash and cash equivalents at the end of the year comprises:			
Cheques, drafts on hand		-	3,918,907
Balances with banks			
In current accounts		169,946,759	174,380,417
In EEFC accounts		13,999,802	11,700,743
In demand deposit accounts		-	280,000,000
		183,946,561	470,000,067
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

V. SRIKUMAR
Partner

Place : Mumbai
Date : 23rd May, 2016

For and on behalf of the Board of Directors

PRADIP P SHAH
Chairman

S B GHIA
Director

B K SYNGAL
Director

P SRIKAR REDDY
Managing Director & CEO

VIREN RAHEJA
Director

RADHIKA RAJAN
Director

R SATHYANARAYANA
VP - Finance & Accounts

M D DALAL
Executive Vice Chairman

S N TALWAR
Director

PRASANNA OKE
Chief Financial Officer

PRIYA MANOJ JASWANI
Company Secretary



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 Bengaluru. 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 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 recognised in the periods in which the results are known / materialise.

c. Depreciation / Amortization

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 amortized 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 amortization period are reviewed at the end of each Financial Year and the amortization 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 capitalised 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.

Intangible assets under development:

Expenditure on Research and development (Refer Note 2 (f)) eligible for capitalisation are carried as Intangible assets

under development where such assets are not yet ready for their intended use.

f. Research and development expenses

Revenue expenditure pertaining to research is charged to the Statement of Profit and Loss. Development costs of products are also charged to the Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use.

g. 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.

h. 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.

i. Employee benefits

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

Defined contribution plans

The Company's contribution to provident fund, superannuation fund, foreign defined contribution 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 recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised 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.

j. Leases

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

k. 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.

l. 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 recognised 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 recognised 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 recognised for all timing differences. Deferred tax assets are recognised 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 realised. 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 realise 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 recognised in reserves and not in the Statement of Profit and Loss.

m. 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 recognised, 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 recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

n. Provisions and contingencies

A provision is recognised 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 recognised in the financial statements.

o. 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 recognised directly in "Hedging reserve" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion

is recognised 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 recognised 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 recognised in "Hedging reserve" is immediately transferred to the Statement of Profit and Loss.

p. 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.

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	As at 31.03.2016	As at 31.03.2015
3: Share capital		
Authorized		
150,000,000 equity shares of face value ₹ 1/- each	150,000,000	150,000,000
(As at 31.03.2015 : 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 31.03.2015 : 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 31.03.2016			
Number of shares	105,159,306	-	105,159,306
Amount ₹	105,159,306	-	105,159,306
Equity shares with voting rights			
Year ended 31.03.2015			
Number of shares	105,159,306	-	105,159,306
Amount ₹	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 31.03.2016		As at 31.03.2015	
	No. of shares	% of holding	No. of shares	% of holding
Hemendra M Kothari	10,660,026	10.14	10,660,026	10.14
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



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	As at 31.03.2016	As at 31.03.2015
4: Reserves and surplus		
Securities premium reserve		
Opening balance	450,924,411	450,924,411
General reserve		
Opening balance	829,154,246	709,154,246
Add: Transferred from surplus in Statement of Profit and Loss	-	120,000,000
Closing balance	829,154,246	829,154,246
Hedging reserve		
Opening balance	90,350,312	3,356,069
Add : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	71,823,122	90,350,312
Less : Transferred to Statement of Profit and Loss	90,350,312	3,356,069
Closing balance	71,823,122	90,350,312
Surplus in Statement of Profit and Loss		
Opening balance	2,097,393,249	1,924,559,646
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	1,174,444,871	1,174,697,787
Less :		
Proposed dividend (Dividend proposed to be distributed to equity share holders ₹ Nil/- share) (Previous year ₹ 4.25/- equity share)	-	446,927,051
Interim dividend (Interim dividend is distributed to equity share holders ₹ 9/- share) (Previous year ₹ 2.75/- equity share)	946,433,754	289,188,092
Tax on proposed dividend	-	90,985,409
Tax on interim dividend	192,674,982	52,302,295
Set-off of tax on interim dividend paid by subsidiary	(13,743,254)	(8,891,548)
Transferred to general reserve	-	120,000,000
Closing balance	2,146,472,638	2,097,393,249
Total	3,498,374,417	3,467,822,218
5: Other long-term liabilities		
Lease rent equalization	40,174,289	18,361,128
Total	40,174,289	18,361,128
6: Short-term borrowings		
Loans repayable on demand		
From banks - Secured (Packing credit loan of ₹ 218,625,000 is secured by first charge by way of hypothecation of current assets of the Company both present and future. Overdraft facility of ₹ 166,815,586 is secured against fixed deposits)	385,440,586	53,167,167
From banks - Unsecured	579,687,500	-
Total	965,128,086	53,167,167

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	As at 31.03.2016	As at 31.03.2015
7: Trade payables		
Total outstanding dues of creditors other than micro and small enterprises - other than acceptances	326,117,930	363,378,364
Total	326,117,930	363,378,364
8: Other current liabilities		
Interest accrued but not due on borrowings	17,188	-
Interest accrued and due on borrowings	-	1,724,548
Income received in advance (Unearned revenue)	6,674,970	2,369,885
Gratuity (Refer Note 32)	6,268,573	1,603,997
Unpaid dividends	11,123,935	13,287,534
Tax on dividend	6,074,190	-
Other payables		
Statutory remittances	74,054,298	63,423,380
Payable on purchase of fixed assets	7,406,870	5,256,286
Advances from customers	1,440,439	-
Other liabilities	1,395,462	1,981,769
Total	114,455,925	89,647,399
9: Short-term provisions		
Provision for employee benefits - Compensated absences	64,322,780	63,338,961
Others		
Provision for tax (net of advance tax - ₹ 158,520,430/- (as at 31.03.2015 - ₹ 514,355,669/-) and net of MAT credit - ₹ Nil/- (as at 31.03.2015 - ₹ 37,172,793))	34,018,741	79,493,581
Provision for proposed equity dividend	-	446,927,051
Provision for tax on proposed dividends	-	90,985,409
Total	98,341,521	680,745,002

10(i) Tangible assets

10(i) Tangible assets

Particulars *	Gross block				Accumulated depreciation					Net Block		
	Cost as at 01.04.2015	Additions	Acquisitions through business combinations	Deductions / adjustments	Cost as at 31.03.2016	Upto 31.03.2015	For the year	Deductions / adjustments	Transition adjustment recorded against balance in surplus in Statement of Profit and Loss	As at 31.03.2016	As at 31.03.2015	
Leasehold land	35,200,000 (35,200,000)	- (-)	- (-)	- (-)	35,200,000 (35,200,000)	6,552,259 (5,475,942)	1,082,721 (1,076,317)	- (-)	- (-)	7,634,980 (6,552,259)	27,565,020 (28,647,741)	28,647,741
Buildings	15,493,000 (15,493,000)	- (-)	- (-)	- (-)	15,493,000 (15,493,000)	3,717,760 (3,472,543)	245,217 (245,217)	- (-)	- (-)	3,962,977 (3,717,760)	11,530,023 (11,775,240)	11,775,240
Leasehold improvements	228,053,725 (228,099,522)	51,968,016 (478,577)	- (-)	- (524,374)	280,021,741 (228,053,725)	216,186,374 (203,048,972)	15,735,737 (13,661,775)	- (524,373)	- (-)	231,922,111 (216,186,374)	48,099,630 (11,867,351)	11,867,351
Plant & equipment	288,114,869 (292,139,737)	31,982,974 (5,056,791)	- (1,075,217)	9,796,639 (10,156,876)	310,301,204 (288,114,869)	271,136,239 (268,686,474)	8,901,705 (9,637,700)	9,565,735 (9,706,741)	- (2,518,806)	270,472,209 (271,136,239)	39,828,995 (16,978,630)	16,978,630
Furniture & fixtures	99,768,891 (101,419,920)	12,274,312 (5,268,194)	- (1,500,507)	6,267,755 (8,419,730)	105,775,448 (99,768,891)	84,472,649 (84,644,272)	5,266,883 (6,354,797)	6,090,219 (6,677,266)	- (150,846)	83,649,313 (84,472,649)	22,126,135 (15,296,242)	15,296,242
Vehicles	5,765,752 (4,952,656)	- (1,329,482)	- (-)	3,223,452 (516,386)	2,542,300 (5,765,752)	3,586,126 (3,341,354)	583,261 (659,603)	2,490,657 (414,831)	- (-)	1,678,730 (3,586,126)	863,570 (2,179,626)	2,179,626
Office equipments	102,443,194 (105,968,292)	8,303,156 (6,315,345)	- (1,104,653)	4,481,955 (10,945,096)	106,264,395 (102,443,194)	89,273,424 (67,274,129)	6,226,978 (17,157,235)	4,216,323 (9,615,828)	- (14,457,888)	91,284,079 (89,273,424)	14,980,316 (13,169,770)	13,169,770
Total	774,839,431 (783,273,127)	104,528,458 (18,448,389)	- (3,680,377)	23,769,801 (30,562,462)	855,598,088 (774,839,431)	674,924,831 (635,943,686)	38,042,502 (48,792,644)	22,362,934 (26,939,039)	- (17,127,540)	690,604,399 (674,924,831)	164,993,689 (99,914,600)	99,914,600

Previous year figures are in brackets

10(ii) Intangible assets

Previous year figures are in brackets

* Represents owned unless otherwise stated

10(iii) Depreciation and amortization expense

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

10(v) During the previous 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 had 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 had adjusted an amount of ₹1,352,885/- (net of deferred tax) against the opening surplus balance in Statement of Profit and Loss under Reserves and surplus.



	As at 31.03.2016	As at 31.03.2015
11: Non-current investments		
Trade, Long-term, unquoted and at cost in subsidiary companies		
Investment in equity instruments		
3,375,394 Equity shares of ₹ 10/- each in Sonata Information Technology Limited (fully paid) (As at 31.03.2015 - 3,375,394 Equity shares of ₹ 10/- each (fully paid))	33,753,940	33,753,940
300,000 Equity shares of 1 US Dollar each in Sonata Software North America Inc., (fully paid) (As at 31.03.2015 - 300,000 Equity shares of 1 US 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 31.03.2015 - 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 Limited, UK (fully paid) (As at 31.03.2015 - 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 31.03.2015 - 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 31.03.2015 - 98 Equity shares of 1,000 QAR each (fully paid))	1,242,640	1,242,640
Investment in preference shares		
2% non-cumulative convertible redeemable preference shares of 1 Pound each in Sonata Europe Limited, UK (fully paid) As at 31.03.2016 - 2,459,560 shares of 1 Pound each (fully paid) (As at 31.03.2015 - 5,484,560 shares of 1 Pound each (fully paid))	203,115,179	452,923,799
Total	260,192,650	510,001,270
Aggregate cost of unquoted investments	260,192,650	510,001,270
12: Deferred tax assets (net)		
Tax effects on		
Difference between book balance and tax balance of fixed assets	43,063,383	42,292,976
Others	56,742,721	41,762,231
Total	99,806,104	84,055,207
13: Long-term loans and advances		
Unsecured, considered good unless otherwise stated		
Capital advances	694,666	2,894,144
Security deposits	116,290,542	123,014,259
Other deposits	16,057,722	15,249,478
Prepaid expenses	11,337,584	5,287,620
Advance Tax (net of provision for tax - ₹ 1,052,836,346/- (as at 31.03.2015 - ₹ 432,764,686/-)	317,288,780	310,178,470
MAT credit entitlement	6,966,402	120,304,832
Balances with government authorities		
VAT credit receivable, considered doubtful	657,915	6,093,874
Less : Provision for doubtful balances	657,915	6,093,874
	-	-
Other recoverables	1,060,975	1,060,975
Total	469,696,671	577,989,778
14: Other non-current assets		
Balance held as margin money or security against borrowings	1,200,000	50,000
Interest accrued but not due on margin money	84,772	44,263
Total	1,284,772	94,263

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	As at 31.03.2016	As at 31.03.2015
15: Current investments		
A) Current portion of long-term investments (at cost)		
Trade, unquoted		
In subsidiary company		
Investment in preference shares		
2% non-cumulative convertible redeemable preference shares of 1 Pound each in Sonata Europe Limited, UK (fully paid)	177,551,120	-
As at 31.03.2016 - 2,150,000 shares of 1 Pound each (fully paid)		
(As at 31.03.2015 - Nil shares)		
	177,551,120	-
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 - Regular Plan	172,444,837	163,796,086
16,661,337.40 units at ₹ 10.35 per unit		
(As at 31.03.2015 - 15,588,468.26 units at ₹ 10.51 per unit)		
Tata Short Term Bond Fund Regular Plan - Growth	50,000,000	50,000,000
2,154,494.49 units at ₹ 23.21 per unit		
(As at 31.03.2015 - 2,154,494.49 units at ₹ 23.21 per unit)		
Franklin India Short Term Income Retail Plan - Growth	-	49,616,327
Nil Units		
(As at 31.03.2015 - 19,531.59 units at ₹ 2,540.31 per unit)		
HDFC Short Term Plan - Regular Plan - Growth	100,000,000	100,000,000
4,125,514.66 units at ₹ 24.24 per unit		
(As at 31.03.2015 - 4,125,514.66 units at ₹ 24.24 per unit)		
DSP Black Rock Income Opportunities Fund - Regular Plan - Growth	50,000,000	50,000,000
2,494,462.29 units at ₹ 20.04 per unit		
(As at 31.03.2015 - 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 31.03.2015 - 8,961,214.96 units at ₹ 16.74 per unit)		
	522,444,837	563,412,413
Total	699,995,957	563,412,413
Aggregate cost of unquoted investments	702,431,035	563,412,413
16: Trade receivables		
Unsecured		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Considered good	239,776	-
Considered doubtful	974,594	407,400
	1,214,370	407,400
Less : Provision for doubtful trade receivables	974,594	407,400
	239,776	-
Other trade receivables :		
Considered good	1,244,956,724	1,020,834,555
	1,244,956,724	1,020,834,555
Total	1,245,196,500	1,020,834,555
17: Cash and cash equivalents		
Cheques, drafts on hand	-	3,918,907
Balances with banks		



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	As at 31.03.2016	As at 31.03.2015
In current accounts	169,946,759	174,380,417
In EEFC accounts	13,999,802	11,700,743
In demand deposit accounts	-	280,000,000
In earmarked accounts		
- Unpaid dividend account	11,123,935	13,287,534
- Balance held as margin money or security against borrowings	1,659,998,339	1,140,000,000
The balance that meet the definition of Cash and cash equivalents as per AS-3 Cash flow Statement is ₹ 183,946,561/- (As at 31.03.2015 is ₹ 470,000,067/-)		
Total	1,855,068,835	1,623,287,601
18: Short-term loans and advances		
Unsecured, considered good		
Loans and advances to related parties (Refer Note 34)		
Advances recoverable	20,366,562	4,391,882
Inter-corporate deposits	19,500,000	-
Security deposits	11,127,500	700,000
Loans and advances to employees	3,125,596	3,620,534
Prepaid expenses	38,212,948	24,015,371
Balances with Government authorities		
Service tax credit receivable	4,805,632	2,740,523
VAT credit receivable	5,479,399	-
Other recoverables	9,244,578	5,694,106
Total	111,862,215	41,162,416
19: Other current assets		
Unbilled revenue	54,265,960	43,010,061
Interest accrued but not due on bank deposits/margin money	65,487,899	50,593,253
Unrealized gain on forward contracts	98,987,597	138,309,324
Total	218,741,456	231,912,638
	Year ended 31.03.2016	Year ended 31.03.2015
20.1: Revenue from operations		
Revenue from software services	5,028,605,158	4,658,590,303
Revenue from software product and licenses	14,708,385	2,729,460
Other operating revenues	4,726,725	7,455,395
Total	5,048,040,268	4,668,775,158
20.2: Other income		
Interest income		
Interest from fixed deposits/margin money with banks	112,224,328	87,711,244
Interest from inter-corporate deposits	26,855,946	18,604,780
Interest on Income-tax refund	-	1,820,301
Dividend income		
From current investments	16,985,509	26,181,825
From long-term investments in subsidiaries	67,507,880	57,381,698
Net gain on sale of current investments	9,483,412	907,394
Net gain on foreign currency transactions and translations	95,663,754	105,897,558
Other non-operating income		
Net gain on sale of fixed assets	886,237	-
Liabilities/provisions no longer required written back	48,746,189	17,734,167
Commission (Refer Note 34)	5,083,454	-
Miscellaneous income	5,918,667	184,422
Total	389,355,376	316,423,389

	Year ended 31.03.2016	Year ended 31.03.2015
21: Employee benefits expense		
Salaries, wages, bonus and allowances	2,666,426,439	2,380,422,311
Contributions to provident and other funds (Refer Note 32)	179,627,884	173,362,543
Staff welfare expenses	48,163,314	46,922,549
	2,894,217,637	2,600,707,403
Less: Deputation cost/Service charges recovered from subsidiary (Refer Note 34)	29,969,543	24,997,381
Total	2,864,248,094	2,575,710,022
22: Finance costs		
Interest expense on:		
Borrowings	18,762,265	11,206,524
Others	16,927	199,133
Other borrowing costs	48,485	24,541
Net loss on foreign currency transactions and translation	20,234,000	-
Total	39,061,677	11,430,198
23: Other expenses		
Power and fuel	54,413,924	53,030,168
Rent (Refer Note 35)	220,743,775	167,721,086
Repairs and maintenance - Buildings	2,935,817	2,939,409
Repairs and maintenance - Machinery	10,442,124	10,034,917
Insurance	28,881,639	24,226,428
Rates and taxes	6,894,323	1,901,178
Communication cost	38,425,927	36,692,049
Facility maintenance	41,915,987	44,058,155
Travelling and conveyance expenses	245,627,022	226,111,717
Professional and technical fees	59,077,907	67,931,300
Legal fees	2,380,661	3,714,602
Insourcing professional fees	57,140,937	54,147,597
Software license fees	28,140,182	32,513,468
Expenditure on Corporate Social Responsibility	12,753,723	6,422,022
Payments to auditors (Refer Note below)	5,093,944	3,780,477
Net loss on fixed assets sold / scrapped	-	1,138,092
Loss on dissolution of subsidiary company	-	500,000
Less : Provision released	-	500,000
	-	-
Excess of carrying costs over fair value of current investments	2,435,078	-
Bad trade receivables written off	-	47,551,296
Less : Provisions released	-	47,037,845
	-	513,451
Provision for doubtful trade receivables	567,194	162,381
Miscellaneous expenses	82,342,202	78,621,125
	900,212,366	815,659,622
Less: Service charges recovered from subsidiary (Refer Note 34)	10,522,115	10,472,045
Total	889,690,251	805,187,577
Note - Payments to auditors comprises (net of service tax input credit):		
Statutory audit	3,400,000	2,600,000
Other services	1,535,000	725,000
Reimbursement of expenses	158,944	455,477
	5,093,944	3,780,477
The Company avails input credit for service tax and hence no service tax expense was accrued		



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	As at 31.03.2016	As at 31.03.2015
24: Contingent liabilities		
a) Guarantees	1,043,750,000	675,000,000
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 31.03.2015 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	1,004,844,337	1,285,298,864

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 ₹ 336,003,062 (As at 31.03.15 - ₹ 336,003,062) for Financial Year 2007-08 and 2009-10. The Company had challenged the decision of Assessing Officer and had preferred appeals to the Commissioner of Income-tax (Appeals).

₹Nil (As at 31.03.15- ₹384,295,136) for the Financial Year 2006-07 and 2008-09. For the Financial Year 2006-07, the Company received favorable orders from Income-tax Appellate Tribunal (ITAT) and the department has preferred an appeal before the Honorable High Court of Mumbai

which is yet to be admitted. For the Financial Year 2008-09, the Company has received favorable order from Commissioner of Income-tax (Appeals).

For the Financial Year 2001-02, ITAT had given a favorable order on the ground of income accrued under Section 10A of the Act against which the department had filed an appeal before the Honorable High Court of Mumbai ₹ 14,863,703 (As at 31.03.15 - ₹ 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 Honorable High Court of Mumbai which is yet to be admitted for Financial Years 2004-05 and hence there is no contingent liability.

₹Nil (As at 31.03.15 ₹ 12,321,813) for the Financial Year 2002-03 and 2003-04. During the year, the Company received favorable orders from ITAT. The department has preferred an appeal before the Honorable High Court of Mumbai which is yet to be admitted.

(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 31.03.15 - ₹ 233,708,329) for Financial Years 2001-02, 2002-03, 2003-04 and 2004-05. The Company had received favorable orders from ITAT. However, the department preferred an appeal on the said orders before the Honorable High Court of Mumbai.

₹ 11,635,577 (As at 31.03.15- ₹ 11,635,577) for the Financial Year 2010-11. The Company had filed an appeal before the Commissioner of Income-tax (Appeals).

(iv) Transfer Pricing Adjustment

₹ 116,162,422 (As at 31.03.15 - ₹ Nil) for the Financial Year 2011-12. The Income-tax department has recommended the upward adjustment in the value of Investment in subsidiary and sale of services to associated enterprises as Transfer Pricing Adjustment in the International transactions in order to consider them to be at arm's length price. The Company has preferred an appeal before Commissioner of Income-tax (Appeals).

(v) 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 31.03.15 -

₹ 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.

(vi) 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 31.03.15 - ₹ 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.

₹

	As at 31.03.2016	As at 31.03.2015
25: Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	687,669	9,640,240
26: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,037,705	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 beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

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

**27: 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 31.03.2016 (Previous year figures are in brackets).

Currency	Amount	Buy / Sell	Cross currency
USD	29,400,000 (32,800,000)	Sell Sell	Rupees Rupees
GBP	5,820,000 (5,940,000)	Sell Sell	Rupees Rupees
EUR	5,400,000 (5,445,000)	Sell Sell	Rupees Rupees

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

	As at 31.03.2016		As at 31.03.2015		Currency
	Receivable / (Payable) ₹	Receivable / (Payable) in Foreign Currency	Receivable / (Payable) ₹	Receivable / (Payable) in Foreign Currency	
Trade receivables	13,099,559	256,904	11,792,681	247,954	AUD
	5,447,047	79,034	7,958,022	123,822	CHF
	532,906	7,068	4,862,315	72,367	EUR
	197,640,224	2,069,531	188,307,680	2,036,639	GBP
	142,250,824	2,147,182	54,161,134	866,578	USD
	788,000	16,000	-	-	SGD
Other current assets	23,426,171	245,300	7,836,162	84,752	GBP
	-	-	5,139,013	112,995	SGD
	2,646,024	39,940	6,610,125	105,762	USD
Long-term loans and advances	1,068,260	15,500	996,204	15,500	CHF
	118,195	2,318	-	-	AUD
	447,704	4,688	-	-	GBP
	236,400	4,800	-	-	SGD
	20,358	270	-	-	EUR
Short-term loans and advances	1,454,284	28,521	745,229	15,669	AUD
	6,728,657	89,239	1,858,199	27,656	EUR
	12,258,982	128,366	10,131,862	109,581	GBP
	17,705,097	267,247	14,385,765	230,569	USD
	-	-	282,255	4,392	CHF
	274,315	5,570	271,936	5,600	SGD
Other current liabilities	(5,979,059)	(121,402)	(2,418,940)	(53,187)	SGD
	(633,959)	(12,433)	(508,321)	(10,688)	AUD
	(52,541,933)	(550,177)	(4,423,611)	(47,844)	GBP
	(1,438,078)	(19,073)	-	-	EUR
	(17,188)	(259)	-	-	USD
Short term borrowings	(798,312,500)	(12,050,000)	-	-	USD
Trade payables	(404,221)	(7,927)	(190,652)	(4,009)	AUD
	(73,252)	(1,063)	(3,112,877)	(48,425)	CHF
	(1,086,409)	(14,409)	(628,894)	(9,360)	EUR
	(44,960,776)	(470,793)	(72,731,494)	(782,276)	GBP
	(6,630,159)	(100,078)	(5,672,319)	(90,371)	USD
	(479,446)	(9,735)	(3,001,359)	(65,993)	SGD

₹

	Year ended 31.03.2016	Year ended 31.03.2015
28: Value of imports calculated on CIF basis		
Fixed assets	9,125,057	-
Stock-in-trade - Hardware/Software product and licenses	14,276,718	2,582,253
29: Expenditure in foreign currency		
Travelling and conveyance expenses	100,022,899	86,068,988
Employee benefits expense	475,538,551	382,734,616
Legal, professional and technical fees	35,560,239	35,006,068
Interest	4,409,253	2,285,842
Others	10,467,786	19,613,624
Total	625,998,728	525,709,138

₹

	Year ended 31.03.2016			Year ended 31.03.2015		
	First Interim	Second Interim	Final	First Interim	Second Interim	Final
30: Dividend remittance in foreign currency						
Amount remitted (net) (₹)	2,420,093	3,225,261	3,566,107	1,129,384	644,509	1,763,119
Number of non-resident shareholders	509	481	554	435	492	421
Number of shares on which remittance was made	691,455	586,411	839,084	645,362	644,509	641,134
Year for which the dividend was paid	2015-2016	2015-2016	2014-2015	2014-2015	2014-2015	2013-2014

₹

	Year ended 31.03.2016	Year ended 31.03.2015
31: Earnings in foreign exchange		
Export of services	4,405,181,591	4,156,936,318
Export of goods calculated on FOB basis	14,708,385	2,008,285
Other operating revenues	5,992,773	7,613,392
Commission income	1,154,027	-

32: 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 ₹ 86,742,578 (for the year ended 31.03.2015 ₹ 71,245,461) has 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).



	Year ended 31.03.2016	Year ended 31.03.2015
b) During the year the Company has recognised the following amounts in the Statement of Profit and Loss Employers contribution to		
Employee's State Insurance (as part of Staff welfare expenses in Note 21 Employee benefits expense)	330,890	178,228
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense)	38,700,800	29,573,076
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense)	2,671,657	2,518,182
National Insurance Contribution (as part of Contribution to Provident Fund and other Funds in Note 21 Employee benefits expense)	25,353,655	22,057,118
ii) Defined benefit plans - Gratuity		
As per actuarial valuation		
Change in Obligation during the year		
Present value of Defined Benefit Obligation at beginning of the year	170,753,756	117,761,920
Current Service Cost	24,997,817	15,605,473
Interest Cost	13,660,300	11,046,068
Liability Transferred in/ Acquisition	-	1,446,512
Actuarial (Gains)/Losses	(8,586,023)	47,387,720
Benefits Paid	(12,727,298)	(22,493,937)
Present value of Defined Benefit Obligation at the end of the year	188,098,552	170,753,756
Change in Assets during the year		
Plan assets at the beginning of the year	169,149,759	118,222,154
Expected return on plan assets	13,531,981	10,285,327
Contributions by Employer	21,494,618	47,350,987
Actual benefits paid	(12,727,298)	(22,493,937)
Actuarial Gains/ (Losses)	(9,619,081)	15,785,228
Plan assets at the end of the year	181,829,979	169,149,759
Actual return on plan assets	3,912,900	26,070,555
Net Asset/(Liability) recognized in the Balance Sheet		
Present Value of Defined Benefit Obligation	188,098,552	170,753,756
Fair value of plan assets	181,829,979	169,149,759
Fund status (Surplus/(deficit))	(6,268,573)	(1,603,997)
Net Assets /(Liability)	(6,268,573)	(1,603,997)
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)		
Current Service Cost	24,997,817	15,605,473
Interest Cost	13,660,300	11,046,068
Expected return on plan assets	(13,531,981)	(10,285,327)
Net Actuarial (Gains)/Losses	1,033,058	31,602,492
Total Expense	26,159,194	47,968,706
The major categories of plan assets as a percentage of total plan		
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	9.49%	11.00%
Defensive Fund	44.50%	42.68%
Balanced Fund	45.83%	46.14%
Stable Managed Fund	0.18%	0.18%
Actuarial Assumptions:		
Discount Rate	8.36%	8.00%
Rate of return on plan assets	8.36%	8.00%
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	33,457,744	26,601,814

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.

₹

	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Experience adjustments					
Present value of defined benefit obligation	188,098,552	170,753,756	117,761,920	101,159,121	84,852,507
Fair value of plan assets	181,829,979	169,149,759	118,222,154	98,329,181	82,668,394
Surplus / (deficit)	(6,268,573)	(1,603,997)	460,234	(2,829,940)	(2,184,113)
Experience adjustments on plan liabilities - (gain)/losses	(939,187)	43,422,944	22,425,918	(450,281)	625,583
Experience adjustments on plan assets - (losses)/gain	(9,619,081)	15,785,228	(1,176,894)	(37,692)	(429,217)

33: 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.

34: 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 Software North America Inc., USA
 Sonata Software GmbH, Germany
 Sonata Europe Limited, UK
 Sonata Software FZ LLC, Dubai
 Sonata Software (Qatar) LLC, Qatar
 Halosys Technologies Inc. (subsidiary of Sonata Software North America Inc. w.e.f 11.09.2015)
 Interactive Business Information Systems Inc. (subsidiary of Sonata Software North America Inc. w.e.f 18.11.2015)

(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

₹

	WOS and Subsidiary		KMP	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Rendering of services				
Sonata Software North America Inc., USA	1,977,351,696	2,126,672,704	-	-
Sonata Europe Limited, UK	220,907,575	220,025,699	-	-
Sonata Software FZ-LLC, Dubai	90,856,829	50,629,564	-	-
Sonata Software (Qatar) LLC, Qatar	-	940,212	-	-
Rezopia Inc., USA	90,726,647	50,294,852	-	-
Sonata Information Technology Limited, India	132,372,503	149,937,951	-	-
Software license fees paid				
Sonata Information Technology Limited, India	32,216,326	19,122,078	-	-
Service charges recovered				
Sonata Information Technology Limited, India	40,491,658	35,469,426	-	-
Reimbursement of expenses				
Sonata Information Technology Limited, India	8,691,643	6,865,947	-	-
Sonata Software North America Inc., USA	5,633,038	1,561,145	-	-
Sonata Software GmbH, Germany	683,274	-	-	-
Sonata Software FZ-LLC, Dubai	325,851	301,941	-	-
Rezopia Inc., USA	400,000	-	-	-
Sonata Europe Limited, UK	3,513,395	6,224,081	-	-
Inter corporate deposits given				
Sonata Information Technology Limited, India (Refer Note (i) and (ii) below)	5,137,000,000	3,603,500,000	-	-
Inter corporate deposits recovered				
Sonata Information Technology Limited, India	5,117,500,000	3,603,500,000	-	-
Interest on inter corporate deposits received				
Sonata Information Technology Limited, India	26,855,946	18,604,780	-	-
Recovery of rent				
Sonata Information Technology Limited, India	3,587,411	3,472,200	-	-
Dividend received				
Sonata Information Technology Limited, India	67,507,880	57,381,698	-	-
Received on redemption of preference shares				
Sonata Europe Limited, UK	86,918,479	-	-	-
Guarantees given on behalf of subsidiary				
Sonata Information Technology Limited, India	331,250,000	625,000,000	-	-
Sonata Software North America Inc., USA	596,250,000	-	-	-

₹

	WOS and Subsidiary		KMP	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Commission received on guarantees given on behalf of subsidiary				
Sonata Information Technology Limited, India	3,929,427	-	-	-
Sonata Software North America Inc., USA	1,154,027	-	-	-
Remuneration				
P Srikar Reddy, Managing Director & Chief Executive Officer	-	-	35,396,902	30,438,932
Commission				
P Srikar Reddy, Managing Director & Chief Executive Officer	-	-	7,929,549	6,684,834
Balances outstanding at the end of the year				
Trade receivables				
Sonata Information Technology Limited, India	21,651,578	-	-	-
Sonata Software North America Inc., USA	608,039,417	475,538,530	-	-
Sonata Europe Limited, UK	40,442,237	32,958,597	-	-
Sonata Software FZ-LLC, Dubai	34,337,773	39,981,905	-	-
Rezopia Inc., USA	32,640,847	29,335,499	-	-
Advances recoverable				
Sonata Information Technology Limited, India	11,731,457	1,491,658	-	-
Sonata Europe Limited, UK	756,327	2,135,040	-	-
Sonata Software North America Inc., USA	6,768,763	765,184	-	-
Sonata Software GmbH, Germany	705,744	-	-	-
Rezopia Inc., USA	404,271	-	-	-
Trade payables				
Sonata Software North America Inc., USA	3,591,067	3,387,801	-	-
Inter corporate deposit receivable				
Sonata Information Technology Limited, India	19,500,000	-	-	-
Remuneration payable				
P Srikar Reddy, Managing Director & Chief Executive Officer	-	-	10,000,000	10,000,000
Commission payable				
P Srikar Reddy, Managing Director & Chief Executive Officer	-	-	7,929,549	6,684,834
Guarantees given on behalf of Subsidiary				
Sonata Software North America Inc., USA	596,250,000	-	-	-
Sonata Information Technology Limited, India (Refer Note 24 a)	1,043,750,000	675,000,000	-	-

Notes:

- (i) Maximum balance outstanding during the year is ₹ 996,500,000 (for the year ended 31.3.2015 ₹ 973,500,000)
- (ii) These inter corporate deposits were given for business purposes.

**35: 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 120 months and may be renewed based on mutual agreement of the parties.

₹

	31.03.2016	31.03.2015
ii. The total of future minimum lease payments for non-cancellable operating leases are as below :		
Not later than one year	123,499,573	27,939,838
Later than one year and not later than 5 years	152,159,776	43,793,244
Later than 5 years	-	-
iii. The Company has subleased a portion of its leased premises cancelable at the option of either parties.		
iv. The lease payments recognised in the statement of Profit and Loss are as under :		
Included in rent	224,331,186	171,193,306
Less : Sub-lease payment received	3,587,411	3,472,220
Net rent expenses (Refer Note 23)	<u>220,743,775</u>	<u>167,721,086</u>
v. There are no rents which are contingent in nature.		
36: Earnings Per Share		
Profit attributable to equity shareholders (₹)	1,174,444,871	1,174,697,787
Weighted average number of Equity Shares of ₹ 1/- each	105,159,306	105,159,306
Earnings Per Share - Basic and Diluted (₹)	11.17	11.17

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

PRASANNA OKE
Chief Financial Officer

Place : Mumbai
Date : 23rd May, 2016

R SATHYANARAYANA
VP - Finance & Accounts

PRIYA MANOJ JASWANI
Company Secretary

CONSOLIDATED FINANCIAL STATEMENTS

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, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the entities 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' 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 auditors' 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. 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 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, 2016, and 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 ₹ 483,430,056/- as at 31st March, 2016, total revenues of ₹ 469,082,630/- and net cash inflows amounting to ₹ 315,694,191/- for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, are based solely on reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

1. 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.
 - 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 prescribed under Section 133 of the Act, as applicable.
 - 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, 2016 taken on record by the Board of Directors of the respective companies, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary company's incorporated in India, internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditors' 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii.
 - 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 : 23rd May, 2016

V. Srikumar
Partner
(Membership No. 84494)



ANNEXURE "A"

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

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

We have audited the internal financial controls over financial reporting of **Sonata Software Limited** (hereinafter referred to as "the Holding Company") and its subsidiary company incorporated in India, as of 31st March, 2016 in conjunction with our audit of the consolidated financial statements of the Holding Company for the year then ended.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 008072S)

Place : Mumbai

Date : 23rd May, 2016

V. Srikumar

Partner
(Membership No. 84494)

CONSOLIDATED BALANCE SHEET as at 31st March, 2016



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	Note No.	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	105,159,306	105,159,306
Reserves and surplus	4	4,604,765,326	4,179,147,139
		4,709,924,632	4,284,306,445
NON-CURRENT LIABILITIES			
Long-term borrowings	5	522,270,833	-
Other long-term liabilities	6	161,630,185	19,635,352
		683,901,018	19,635,352
CURRENT LIABILITIES			
Short-term borrowings	7	1,190,531,943	244,247,384
Trade payables			
- Total outstanding dues of micro and small enterprises	30	1,037,705	1,111,251
- Total outstanding dues other than micro and small enterprises	8	2,653,606,927	2,494,847,643
		2,654,644,632	2,495,958,894
Other current liabilities	9	430,979,019	301,660,714
Short-term provisions	10	248,874,272	735,654,593
		4,525,029,866	3,777,521,585
TOTAL		9,918,855,516	8,081,463,382
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
- Tangible assets	11(i)	249,924,465	122,943,275
- Intangible assets	11(ii)	25,537,330	24,777,636
- Capital work-in-progress		2,866,161	1,937,425
- Intangible assets under development		13,345,128	-
		291,673,084	149,658,336
Goodwill on consolidation		909,658,130	86,468,862
Non-current investments	12	30,718	30,718
Deferred tax assets (net)	13	129,172,918	88,740,736
Long-term loans and advances	14	649,351,429	924,827,427
Other non-current assets	15	9,118,969	2,707,533
		1,989,005,248	1,252,433,612
CURRENT ASSETS			
Current investments	16	522,444,837	638,576,451
Inventories	17	100,090,228	73,331,244
Trade receivables	18	3,544,343,666	3,101,670,021
Cash and cash equivalents	19	2,952,502,050	1,998,012,626
Short-term loans and advances	20	377,670,504	365,979,021
Other current assets	21	432,798,983	651,460,407
		7,929,850,268	6,829,029,770
TOTAL		9,918,855,516	8,081,463,382

See accompanying notes forming part of the Consolidated financial statements

In terms of our report attached

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells
Chartered Accountants

PRADIP P SHAH
Chairman

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

PRASANNA OKE
Chief Financial Officer

Place : Mumbai
Date : 23rd May 2016

R SATHYANARAYANA
VP - Finance & Accounts

PRIYA MANOJ JASWANI
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2016



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	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
REVENUE			
Revenue from operations	22.1	19,405,013,652	16,821,281,386
Other income	22.2	437,820,651	198,747,040
Total revenue		19,842,834,303	17,020,028,426
EXPENSES			
Purchase of stock-in-trade (traded goods)	23	11,626,665,340	10,238,100,469
Changes in inventories of stock-in-trade	24	(26,758,984)	(61,252,492)
Employee benefits expense	25	4,097,836,301	3,527,194,996
Finance costs	26	79,495,401	27,580,669
Depreciation and amortization expense	11(iii)	61,625,036	60,714,531
Other expenses	27	1,788,310,383	1,440,881,933
Total expenses		17,627,173,477	15,233,220,106
Profit before exceptional item and tax		2,215,660,826	1,786,808,320
Less/(Add): Exceptional item (Interest income on income tax refund)		(36,804,281)	(32,175,916)
Profit before tax		2,252,465,107	1,818,984,236
Tax expense			
Current tax expense		671,056,953	463,174,488
Short provision for tax relating to prior years		35,930,546	1,866,357
Deferred tax		(40,432,182)	21,129,427
Net tax expense		666,555,317	486,170,272
Profit after tax before minority interest		1,585,909,790	1,332,813,964
Minority interest		-	4,152,865
Profit after tax after minority interest		1,585,909,790	1,336,966,829
Earnings per share - Basic and Diluted (on ₹ 1 per share)	38	15.08	12.71
See accompanying notes forming part of the Consolidated financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

V. SRIKUMAR
Partner

Place : Mumbai
Date : 23rd May 2016

For and on behalf of the Board of Directors

PRADIP P SHAH
Chairman

S B GHIA
Director

B K SYNGAL
Director

P SRIKAR REDDY
Managing Director & CEO

VIREN RAHEJA
Director

RADHIKA RAJAN
Director

R SATHYANARAYANA
VP - Finance & Accounts

M D DALAL
Executive Vice Chairman

S N TALWAR
Director

PRASANNA OKE
Chief Financial Officer

PRIYA MANOJ JASWANI
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT For the year ended 31st March, 2016



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	Year Ended 31.03.2016	Year Ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit before tax	2,252,465,107	1,818,984,236
Adjustments for :		
Depreciation and amortization expense	61,625,036	60,714,531
Finance costs	79,495,401	27,580,669
Provision for bad and doubtful trade receivables	13,264,805	7,542,326
Bad trade receivables written off	2,914,517	-
Provision/ liabilities no longer required written back	(60,853,510)	(23,474,836)
Net (gain) on sale/valuation of current investments	(7,006,989)	(921,212)
Net (gain) / loss on fixed assets sold/ scrapped	(888,008)	1,140,937
Interest income from fixed deposits with banks	(167,423,026)	(99,146,566)
Interest income on income tax refund	(36,804,281)	(32,175,916)
Dividend income from current investment	(22,753,159)	(35,314,948)
Unrealized foreign exchange gain (net)	(53,191,588)	34,154,142
Operating profit before working capital changes	2,060,844,305	1,759,083,363
Adjustments for :		
Decrease/(Increase) in trade receivables	(395,166,170)	(961,101,320)
Decrease/(Increase) in inventories	(26,758,984)	(61,252,492)
Decrease/(Increase) in other current assets	(20,149,978)	(44,158,819)
Decrease/(Increase) in long-term loans and advances	(664,573)	(29,615,328)
Decrease/(Increase) in short-term loans and advances	2,760,937	(67,314,720)
(Decrease)/Increase in trade payables	232,940,908	416,624,679
(Decrease)/Increase in other current liabilities	49,061,955	6,651,244
(Decrease)/increase in other long-term liabilities	20,434,849	12,235,418
(Decrease)/increase in short term provisions	8,583,026	9,517,433
Cash generated from operations	1,931,886,275	1,040,669,458
Direct taxes/advance tax paid (net)	(349,182,790)	(272,066,938)
Net cash flow from operating activities (A)	1,582,703,485	768,602,520
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets, including intangible assets, capital work-in-progress and capital advances	(143,957,999)	(59,097,865)
Proceeds from sale of fixed assets	2,354,984	3,038,369
Proceeds from sale of Subsidiary	268,762,728	-
Proceeds of current investments (net)	123,138,603	(60,987,765)
Bank balances not considered as Cash and cash equivalents	(1,004,194,966)	(1,138,264,928)
Interest received	116,360,643	51,294,717
Dividend received	22,753,159	35,314,948
Acquisition of Subsidiaries	(704,190,476)	(81,664,651)
Net cash flow used in investing activities (B)	(1,318,973,324)	(1,250,367,175)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from borrowings (net)	1,462,132,883	187,299,634
Dividend paid on equity shares	(1,395,524,404)	(574,995,658)
Dividend taxes paid on equity shares	(280,960,753)	(99,847,089)
Finance costs	(83,032,052)	(25,868,188)
Net cash flow used in financing activities (C)	(297,384,328)	(513,411,301)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(33,654,167)	(995,175,956)

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	Year Ended 31.03.2016	Year Ended 31.03.2015
Opening Cash and cash equivalents (Refer Note 19)	765,515,709	1,767,982,712
Cash and cash equivalents on acquisition of subsidiaries during the year	4,969,253	-
Exchange difference on translation of foreign currency Cash and cash equivalents	(14,537,384)	(7,291,047)
Closing Cash and cash equivalents (Refer Note 19)	722,293,411	765,515,709
Cash and cash equivalents at the end of the year comprises:		
Cash on hand	66,250	-
Cheques, drafts on hand	-	3,928,907
Balances with banks		
In Current accounts	703,037,689	333,048,604
In EEFC accounts	19,189,472	28,538,198
In demand deposit accounts	-	400,000,000
	722,293,411	765,515,709

See accompanying notes forming part of the Consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

V. SRIKUMAR
Partner

Place : Mumbai

Date : 23rd May 2016

For and on behalf of the Board of Directors

PRADIP P SHAH
Chairman

S B GHIA
Director

B K SYNGAL
Director

P SRIKAR REDDY
Managing Director & CEO

VIREN RAHEJA
Director

RADHIKA RAJAN
Director

R SATHYANARAYANA
VP - Finance & Accounts

M D DALAL
Executive Vice Chairman

S N TALWAR
Director

PRASANNA OKE
Chief Financial Officer

PRIYA MANOJ JASWANI
Company Secretary



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, Rezopia Inc., Halosys Technologies Inc. and Interactive Business Information Systems Inc. Sonata has its registered office at Mumbai, India and operationally headquartered at Bengaluru, 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 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 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 31.03.2016	% of Ownership held as on 31.03.2015
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%
Rezopia Inc.	USA	60%	60%
Halosys Technologies Inc. (w.e.f 11.09.2015)	USA	100%	-
Interactive Business Information Systems, Inc. (w.e.f 18.11.2015)	USA	100%	-

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.

Note 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 consolidation 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 / Amortization

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 amortized 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 amortization period are reviewed at the end of each Financial Year and the amortization period is revised to reflect the changed pattern, if any.

Foreign subsidiaries

Depreciation/ amortization has been provided on all the assets (except for internally generated-Software) on the straight line method considering 5 years as useful life.

Internally generated-Software is amortized over a period of 2 years on the straight line method.

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 upon 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.

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.

Intangible assets under development:

Expenditure on Research and development (Refer Note 2 (h)) eligible for capitalisation are carried as Intangible assets under development where such assets are not yet ready for their intended use.

h. Research and development expenses

Revenue expenditure pertaining to research is charged to the Consolidated Statement of Profit and Loss. Development costs of products are also charged to the Consolidated Statement of Profit and Loss unless a product's technical feasibility has been established, in which case such expenditure is capitalised. The amount capitalised comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use.

i. 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 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 Net gain/loss on foreign currency transactions and translation and Charged/ Credited to the Consolidated Statement of Profit and Loss in case of "Integral operations".

j. 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.

k. Employee benefits

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

Defined contribution plans

The Group's contribution to provident fund, superannuation fund, foreign defined contribution 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.

l. 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.

m. 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.

n. 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.

o. 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 Group.

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 and not in the Consolidated Statement of Profit and Loss.

p. 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.

q. Provisions and contingencies

A provision is recognized when the Group 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.

r. 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.

s. Operating cycle

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

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	As at 31.03.2016	As at 31.03.2015
3: Share capital		
Authorized		
150,000,000 equity shares of face value ₹ 1/- each	150,000,000	150,000,000
(As at 31.03.2015 : 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 31.03.2015 : 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 31.03.2016			
Number of shares	105,159,306	-	105,159,306
Amount ₹	105,159,306	-	105,159,306
Equity shares with voting rights			
Year ended 31.03.2015			
Number of shares	105,159,306	-	105,159,306
Amount ₹	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 31.03.2016		As at 31.03.2015	
	No. of shares	% of holding	No. of shares	% of holding
Hemendra M Kothari	10,660,026	10.14	10,660,026	10.14
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

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	As at 31.03.2016	As at 31.03.2015
4: Reserves and surplus		
Securities premium reserve		
Opening balance	450,924,411	450,924,411
Capital redemption reserve		
Opening balance	278,713,890	278,713,890
General reserve		
Opening balance	874,154,246	729,154,246
Add: Transfer from surplus in Consolidated statement of Profit and Loss	-	145,000,000
Closing balance	874,154,246	874,154,246
Hedging reserve		
Opening balance	99,368,487	3,356,069
Add : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	78,185,622	99,368,487
Less : Transferred to Consolidated Statement of Profit and Loss	99,368,487	3,356,069
Closing balance	78,185,622	99,368,487
Surplus in Consolidated Statement of Profit and Loss		
Opening balance	2,475,986,105	2,176,645,555
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 11(v))	-	11,451,604
Add : Profit for the year	1,585,909,790	1,336,966,829
Less :		
Retained earning changes during the year		
Proposed dividend		
(Dividend proposed to be distributed to equity share holders ₹ Nil/- share)	-	446,927,051
(Previous year ₹ 4.25/- equity share)		
Interim dividend	946,433,754	289,188,092
(Interim dividend is distributed to equity share holders ₹ 9/- share)		
(Previous year ₹ 2.75/- equity share)		
Tax on proposed dividend	-	90,985,409
Tax on interim dividend	192,674,984	54,074,123
Transfer to general reserve	-	145,000,000
Closing balance	2,922,787,157	2,475,986,105
Total	4,604,765,326	4,179,147,139
5: Long-term borrowings		
Term loan		
From bank - Secured	522,270,833	-
(Term loan is secured against standby letter of credit and is repayable in twelve equal quarterly instalments of principal beginning on the last day of February 2017)		
Total	522,270,833	-
6: Other long-term liabilities		
Lease rent equalization	75,505,185	19,635,352
Payable for acquisition of subsidiary	86,125,000	-
Total	161,630,185	19,635,352



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	As at 31.03.2016	As at 31.03.2015
7: Short-term borrowings		
Loans repayable on demand		
From banks - Secured	610,844,443	53,167,167
(Working capital demand Loan of ₹ 150,000,000 is secured by Pari passu charge on the current assets of the Holding Company and of ₹ 40,000,000 is secured by Pari passu first charge by way of hypothecation of stocks and book debts of the Holding Company. Packing credit loan of ₹ 218,625,000 is secured by first charge by way of hypothecation of current assets of one of the subsidiary company both present and future. Overdraft facility of ₹ 202,219,443 is secured against fixed deposits of Holding Company and one of the subsidiary company)		
Term Loan		
From banks - Unsecured	579,687,500	191,080,217
Total	1,190,531,943	244,247,384
8: Trade payables		
Total outstanding dues of creditors other than micro and small enterprises - other than acceptances	2,653,606,927	2,494,847,643
Total	2,653,606,927	2,494,847,643
9: Other current liabilities		
Current maturities of long-term debt	47,479,167	-
Interest accrued but not due on borrowings	17,188	-
Interest accrued and due on borrowings	-	1,724,548
Income received in advance (Unearned revenue)	32,578,118	16,211,754
Lease rent equalization	5,338,955	-
Gratuity (Refer Note 32)	6,268,573	2,503,969
Unpaid dividend	11,123,935	13,287,534
Tax on dividend	6,074,190	-
Other payables		
Statutory remittances	269,499,225	237,064,628
Payable on purchase of fixed assets	8,151,870	6,001,286
Advances from customers	28,550,916	15,113,456
Other liabilities	15,896,882	9,753,539
Total	430,979,019	301,660,714
10: Short-term provisions		
Provision for employee benefits		
Compensated absences	101,551,939	89,795,055
Gratuity (Refer Note 32)	1,830,554	704,125
Others		
Provision for tax (net of advance tax - ₹ 573,276,249/- (as at 31.03.2015 - ₹ 756,356,577/-) and net of MAT credit - ₹ 15,427,205/- (as at 31.03.2015 - ₹ 52,599,998))	145,491,779	103,868,403
Provision for proposed equity dividend	-	446,927,051
Provision for tax on proposed dividends	-	94,359,959
Total	248,874,272	735,654,593

FIXED ASSETS**11(i) Tangible assets**

Particulars *	Gross block				Accumulated depreciation					Net Block			
	Cost as at 01.04.2015	Additions	Acquisitions through business combinations	Deductions / adjustments	Cost as at 31.03.2016	Upto 31.03.2015	For the year	Acquisitions through business combinations	Deductions / adjustments	Transition adjustment recorded against balance in surplus in Consolidated Statement of Profit and Loss	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Leasehold land	35,200,000 (35,200,000)	- (-)	- (-)	- (-)	35,200,000 (35,200,000)	6,552,259 (5,475,942)	1,082,721 (1,076,317)	- (-)	- (-)	- (-)	7,634,980 (6,552,259)	27,565,020 (28,647,741)	28,647,741
Buildings	15,493,000 (15,493,000)	- (-)	- (-)	- (-)	15,493,000 (15,493,000)	3,717,760 (3,472,543)	245,217 (245,217)	- (-)	- (-)	- (-)	3,962,977 (3,717,760)	11,530,023 (11,775,240)	11,775,240
Leasehold improvements	230,532,745 (230,578,543)	60,777,450 (478,577)	57,857,030 (-)	- (524,375)	349,167,225 (230,532,745)	218,346,778 (205,125,865)	20,406,967 (13,745,285)	18,180,836 (-)	- (524,372)	- (-)	256,934,581 (218,346,778)	92,232,644 (12,185,967)	12,185,967
Plant and equipment	332,328,224 (327,412,439)	41,740,064 (14,672,567)	47,665,838 (1,075,217)	10,228,161 (10,831,999)	411,505,965 (332,328,224)	302,666,836 (295,280,488)	15,768,152 (15,249,405)	39,988,084 (-)	9,997,258 (10,381,863)	- (2,518,806)	348,425,814 (302,666,836)	63,080,151 (29,661,388)	29,661,388
Furniture and fixtures	109,945,398 (110,995,529)	15,694,935 (5,869,092)	15,865,160 (1,500,507)	6,354,158 (8,419,730)	135,151,335 (109,945,398)	88,068,818 (86,033,395)	7,989,670 (8,008,807)	10,193,334 (-)	6,176,615 (6,124,230)	- (150,846)	100,075,207 (88,068,818)	35,076,128 (21,876,580)	21,876,580
Vehicles	5,765,752 (4,952,656)	- (1,329,482)	- (-)	3,223,452 (516,386)	2,542,300 (5,765,752)	3,586,126 (3,341,354)	583,261 (659,603)	- (-)	2,490,657 (414,831)	- (-)	1,678,730 (3,586,126)	863,570 (2,179,626)	2,179,626
Office equipments	108,283,425 (108,717,696)	8,779,574 (9,476,200)	8,537,502 (1,104,653)	4,906,251 (11,015,124)	120,694,250 (108,283,425)	91,666,692 (68,426,245)	8,786,228 (18,316,020)	5,245,045 (-)	4,580,644 (9,683,012)	- (14,607,439)	101,117,321 (91,666,692)	19,576,929 (16,616,733)	16,616,733
Total	837,548,544 (833,349,863)	126,992,023 (31,825,918)	129,925,530 (3,680,377)	24,712,022 (31,307,614)	1,069,754,075 (837,548,544)	714,605,269 (667,155,832)	54,862,216 (57,300,654)	73,607,299 (-)	23,245,174 (27,128,308)	- (17,277,091)	819,829,610 (714,605,269)	249,924,465 (122,943,275)	122,943,275

Previous year figures are in brackets



11(ii) Intangible assets

Particulars *	Gross block					Accumulated amortization					Net Block		
	Cost as at 01.04.2015	Additions	Acquisitions through business combinations	Deductions / adjustments	Cost as at 31.03.2016	Upto 31.03.2015	For the year	Acquisitions through business combinations	Deductions / adjustments	Transition adjustment recorded against balance in surplus in Consolidated Statement of Profit and Loss	As at 31.03.2016	As at 31.03.2015	
Computer software - purchased	98,922,274 (98,922,274)	- (-)	4,726,874 (-)	554,927 (-)	103,094,221 (98,922,274)	98,922,274 (98,922,274)	241,317 (-)	4,246,406 (-)	554,799 (-)	- (-)	102,855,198 (98,922,274)	239,023 (-)	(-)
Goodwill on purchase of business (Refer Note 11(iv))	28,191,513 (-)	- (-)	- (28,191,513)	- (-)	28,191,513 (28,191,513)	3,413,877 (-)	5,638,303 (3,413,877)	- (-)	- (-)	- (-)	9,052,180 (3,413,877)	19,139,333 (24,777,636)	24,777,636
Internally generated - Software	- (-)	7,042,174 (-)	- (-)	- (-)	7,042,174 (-)	- (-)	883,200 (-)	- (-)	- (-)	- (-)	883,200 (-)	6,158,974 (-)	-
Total	127,113,787 (98,922,274)	7,042,174 (-)	4,726,874 (28,191,513)	554,927 (-)	138,327,908 (127,113,787)	102,336,151 (98,922,274)	6,762,820 (3,413,877)	4,246,406 (-)	554,799 (-)	- (-)	112,790,578 (102,336,151)	25,537,330 (24,777,636)	24,777,636

Previous year figures are in brackets

* Represents owned unless otherwise stated

11(iii) Depreciation and amortization expense

Particulars	Year ended 31.03.2016	For the year ended 31.03.2015
Depreciation on Tangible assets As per Note 11(i)	54,862,216	57,300,654
Amortization on Intangible assets As per Note 11(ii)	6,762,820	3,413,877
Total	61,625,036	60,714,531

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

11(v) During the previous 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 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 had 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 had adjusted an amount of ₹ 11,451,604/- (net of tax) against the opening balance in retained earnings under Reserves and surplus.

	As at 31.03.2016	As at 31.03.2015
12: Non-current investments		
Non-Trade, Long-term, quoted and at cost		
138 shares of US \$ 0.01 per share of Principal Financial Group Inc., (As at 31.03.2015 : 138 Shares of US \$ 0.01 per share)	30,718	30,718
Total	30,718	30,718
13: Deferred tax assets (net)		
Tax effects on		
Difference between book balance and tax balance of fixed assets	43,745,884	42,714,905
Others	85,427,034	46,025,831
Total	129,172,918	88,740,736
14: Long-term loans and advances		
Unsecured, considered good unless otherwise stated		
Capital advances	694,666	2,894,144
Security deposits	120,306,742	127,716,184
Other deposits	23,845,253	16,491,823
Prepaid expenses	11,337,584	5,287,622
Balances with government authorities		
Considered good	21,891,299	21,891,299
Considered doubtful	657,915	6,093,874
	22,549,214	27,985,173
Less : Provision for doubtful balances	657,915	6,093,874
	21,891,299	21,891,299
Advance tax (net of provision for tax - ₹ 1,262,059,526/- (as at 31.03.2015 - ₹ 657,011,435/-)	461,365,566	627,404,188
MAT credit entitlement	6,966,402	120,304,832
Other recoverables		
Considered good	2,943,917	2,837,335
Considered doubtful	12,500,000	12,500,000
	15,443,917	15,337,335
Less : Allowance for doubtful recoverable	12,500,000	12,500,000
	2,943,917	2,837,335
Total	649,351,429	924,827,427
15: Other non-current assets		
Balance held as margin money or security against borrowings	9,022,076	2,538,832
Interest accrued but not due on margin money	96,893	168,701
Total	9,118,969	2,707,533
16: Current investments		
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 - Regular Plan 16,661,337.40 units at ₹ 10.35 per unit (As at 31.03.2015 - 15,588,468.26 units at ₹ 10.51 per unit)	172,444,837	163,796,086
Tata Short Term Bond Fund Regular Plan - Growth 2,154,494.49 units at ₹ 23.21 per unit (As at 31.03.2015 - 2,154,494.49 units at ₹ 23.21 per unit)	50,000,000	50,000,000
Franklin India Short Term Income Retail Plan - Growth Nil Units (As at 31.03.2015 - 19,531.59 units at ₹ 2,540.31 per unit)	-	49,616,327



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	As at 31.03.2016	As at 31.03.2015
HDFC Short Term Plan - Regular Plan - Growth 4,125,514.66 units at ₹ 24.24 per unit (As at 31.03.2015 - 4,125,514.66 units at ₹ 24.24 per unit)	100,000,000	100,000,000
DSP BlockRock Income Opportunities Fund Regular Plan - Growth 2,494,462.29 units at ₹ 20.04 per unit (As at 31.03.2015 - 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 31.03.2015 - 8,961,214.96 units at ₹ 16.74 per unit)	150,000,000	150,000,000
IDFC Cash Fund- Daily Dividend - (Direct Plan) Nil Units (As at 31.03.2015 - 25,029.43 units at ₹ 1,000.54 per unit)	-	25,042,907
Tata Money Market Fund Direct Plan - Daily Dividend Nil Units (As at 31.03.2015 - 30,025.69 units at ₹ 1,001.52 per unit)	-	30,071,293
Reliance Liquid Fund - Cash Plan - Direct Plan Daily Dividend Option - CPAD Nil Units (As at 31.03.2015 - 17,995.64 units at ₹ 1,114.15 per unit)	-	20,049,838
Total	522,444,837	638,576,451
Aggregate cost of unquoted investment	524,879,915	638,576,451
17: Inventories		
Stock-in-trade - Hardware/Software product and licenses	100,090,228	73,331,244
Total	100,090,228	73,331,244
18: Trade receivables		
Unsecured		
Trade receivable outstanding for a period exceeding six months from the date they are due for payment		
Considered good	122,850,352	129,894,367
Considered doubtful	40,840,667	27,639,695
	163,691,019	157,534,062
Less : Provision for doubtful trade receivables	40,840,667	27,639,695
	122,850,352	129,894,367
Other trade receivables :		
Considered good	3,421,493,314	2,971,775,654
Considered doubtful	63,833	-
	3,421,557,147	2,971,775,654
Less : Provision for doubtful trade receivables	63,833	-
	3,421,493,314	2,971,775,654
Total	3,544,343,666	3,101,670,021
19: Cash and cash equivalents		
Cash on hand	66,250	-
Cheques, drafts on hand	-	3,928,907
Balances with banks		
In current accounts	703,037,689	333,048,604
In EEFC accounts	19,189,472	28,538,198
In demand deposit accounts	-	400,000,000
In earmarked accounts		
Balance held as margin money or security against borrowings	2,219,084,704	1,219,209,383
Unpaid dividend account	11,123,935	13,287,534
The balance that meet the definition of Cash and cash equivalents as per AS-3 Cash flow Statements is ₹ 722,293,411 (As at 31.03.2015 ₹ 765,515,709)		
Total	2,952,502,050	1,998,012,626

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	As at 31.03.2016	As at 31.03.2015
20: Short-term loans and advances		
Unsecured, considered good		
Security deposits	22,006,069	3,739,945
Other deposits	3,842,814	6,600,802
Gratuity (Refer Note 32)	2,914,668	-
Loans and advances to employees	9,898,064	5,525,847
Prepaid expenses	65,700,988	27,907,534
Balances with government authorities		
VAT credit receivable	33,917,948	38,811,749
Service tax credit receivable	199,477,828	232,172,994
Receivable from service tax authority	10,506,823	10,982,527
Other recoverables	29,405,302	40,237,623
Total	377,670,504	365,979,021
21: Other current assets		
Unsecured, considered good		
Unbilled revenue	211,125,084	169,135,826
Interest accrued but not due on fixed deposits/margin money	108,638,086	57,503,895
Unrealized gain on forward contracts	113,035,813	156,057,958
Receivable on sale of subsidiary	-	268,762,728
Total	432,798,983	651,460,407
	Year ended 31.03.2016	Year ended 31.03.2015
22.1: Revenue from operations		
Revenue from hardware/software product and licenses	12,288,425,552	10,688,063,608
Revenue from software services	7,096,767,589	6,117,050,441
Other operating revenues	19,820,511	16,167,337
Total	19,405,013,652	16,821,281,386
22.2: Other income		
Interest income from fixed deposits/margin money with banks	167,423,026	99,146,566
Dividend income from current investments	22,753,159	35,314,948
Net gain on sale of current investments	9,442,067	921,212
Net gain on foreign currency transactions and translations	146,462,788	33,451,505
Other non-operating income		
Net gain on sale of fixed assets	888,008	-
Provisions/liabilities no longer required written back	60,853,510	23,474,836
Miscellaneous income	29,998,093	6,437,973
Total	437,820,651	198,747,040
23: Purchase of stock-in-trade (traded goods)		
Purchase of traded items	11,626,665,340	10,238,100,469
Total	11,626,665,340	10,238,100,469



₹

	Year ended 31.03.2016	Year ended 31.03.2015
24: Changes in inventories of stock-in-trade		
Opening Stock		
Stock-in-trade - Hardware/Software product and licenses	73,331,244	12,078,752
	73,331,244	12,078,752
Closing Stock		
Stock-in-trade - Hardware/Software product and licenses	100,090,228	73,331,244
	100,090,228	73,331,244
(Increase) / decrease in inventories	(26,758,984)	(61,252,492)
25: Employee benefits expense		
Salaries, wages, bonus and allowances	3,784,265,445	3,238,948,908
Contribution to provident and other funds (Refer Note 32)	203,759,624	190,597,172
Gratuity (Unfunded) (Refer Note 32)	2,811,967	1,484,625
Staff welfare expenses	106,999,265	96,164,291
Total	4,097,836,301	3,527,194,996
26: Finance costs		
Interest expenses on:		
Borrowings	42,893,801	16,397,415
Others	2,983,251	540,075
Other borrowing costs	13,384,349	10,643,179
Net loss on foreign currency transactions and translations	20,234,000	-
	79,495,401	27,580,669
27: Other expenses		
Power and Fuel	58,063,716	54,646,018
Rent (Refer Note 35)	275,183,748	210,563,842
Repairs and maintenance - Buildings	2,979,254	2,986,474
Repairs and maintenance - Machinery	11,530,406	10,665,610
Insurance	48,374,764	31,076,170
Rates and taxes	35,022,502	28,327,293
Communication cost	60,501,616	54,626,633
Facility maintenance	51,774,190	50,158,644
Travelling and conveyance expenses	308,439,510	292,781,431
Professional and technical fees	170,914,789	115,493,332
Legal fees	6,934,591	7,639,146
Insourcing professional fees	445,722,859	333,077,206
Net loss on fixed assets sold / scrapped	-	1,140,937
Excess of carrying costs over fair value of current investments	2,435,078	-
Expenditure on corporate social responsibility	15,360,038	6,422,022
Bad trade receivables written off	2,914,517	60,080,630
Less : Provisions released	-	68,495,415
	2,914,517	(8,414,785)
Provision for doubtful trade receivables	13,264,805	7,542,326
Software licence fees	34,033,872	32,879,556
Payments to auditors (Refer Note below)	14,419,140	11,181,159
Miscellaneous expenses	230,440,988	198,088,919
	1,788,310,383	1,440,881,933
Note - Payment to auditors comprises (net of service tax input credit):		
Remuneration to statutory auditors for audit of Company and its subsidiaries	9,600,000	6,700,000
Remuneration to other auditors for subsidiaries	2,950,196	2,980,682
Remuneration to statutory auditors for other services	1,710,000	1,045,000
Reimbursement of expenses	158,944	455,477
	14,419,140	11,181,159
The Company avails input credit for service tax and hence no service tax expense was accrued		

₹

	As at 31.03.2016	As at 31.03.2015
28: Contingent Liabilities		
a) Guarantees	1,043,750,000	675,000,000
The Company has given corporate guarantees to certain suppliers of Sonata Information Technology Limited (SITL) on behalf of SITL, its wholly owned subsidiary amount drawn down as at year end against this facility is ₹ Nil (as at 31.03.2015 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.		
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. SITL 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 demand of Karnataka Sales Tax	294,017	294,017
e) Disputed demands of Income-tax	4,417,031,005	4,620,356,040

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 where in excess of permissible limits, and had raised a demand of ₹ 336,003,062 (As at 31.03.15 - ₹ 336,003,062) for Financial Year 2007-08 and 2009-10. The Company had challenged the decision of Assessing Officer and had preferred appeals to the Commissioner of Income-tax (Appeals).

₹ Nil (As at 31.03.15- ₹ 384,295,136) for the Financial Year 2006-07 and 2008-09. For the Financial Year 2006-07, the Company received favorable orders from Income-tax Appellate Tribunal (ITAT) and the department has preferred an appeal before the Honorable High Court of Mumbai which is yet to be admitted. For the Financial Year 2008-09, the Company has received favorable order from Commissioner of Income-tax (Appeals).

For the Financial Year 2001-02, ITAT had given a favorable order on the ground of income accrued under Section 10A of the Act against which the department had filed an appeal before the Honorable High Court of Mumbai ₹ 14,863,703 (As at 31.03.15 - ₹ 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 Honorable High Court of Mumbai which is yet to be admitted for Financial Years 2004-05 and hence there is no contingent liability.



₹ Nil (As at 31.03.15 ₹ 12,321,813) for the Financial Year 2002-03 and 2003-04. During the year, the Company received favorable orders from ITAT. The department has preferred an appeal before the Honorable High Court of Mumbai which is yet to be admitted.

(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 31.03.15 - ₹ 233,708,329) for Financial Years 2001-02, 2002-03, 2003-04 and 2004-05. The Company had received favorable orders from ITAT. However, the department preferred an appeal on the said orders before the Honorable High Court of Mumbai.

₹11,635,577 (As at 31.03.15- ₹ 11,635,577) for the Financial Year 2010-11. The Company had filed an appeal before the Commissioner of Income-tax (Appeals).

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

Details of Demands and Forums where they are pending are:

- i. ₹ 402,964,082 (As at 31.03.2015 - ₹ 402,964,082) for the Financial Years 2001-02, 2003-04, 2004-05, 2005-06, 2006-07 and 2007-08. SITL has received favorable orders from the ITAT. The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.
- ii. ₹ 101,094,655 (As at 31.03.2015 - ₹ 101,094,655) for the Financial Year 2011-12. SITL has preferred an appeal to the Commissioner of Income-tax (Appeals).
- iii. ₹ 111,904,892 (As at 31.03.2015 - ₹ 111,904,892) for the Financial Year 2010-11. During the year, SITL has received favorable orders from the Commissioner of Income-tax (Appeals). Further the Department has preferred an appeal to the ITAT.
- iv. ₹ Nil (As at 31.03.2015 - ₹ 91,884,882) for the Financial Year 2009-10. During the year, SITL has received favorable order from ITAT.
- v. ₹ 44,659,336 (As at 31.03.2015 - ₹ 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. The Honorable High Court of Mumbai admitted the appeal.
- vi. ₹ 159,262,831 (As at 31.03.2015 - ₹ Nil) for the Financial Year 2012-13. During the year, SITL has preferred an appeal to the Commissioner of Income-tax (Appeals)

(iv) With holding 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 31.03.15 - ₹ 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.

SITL is engaged in the business of buying and selling packaged software in India. The Income-tax department has been contending that amounts paid by SITL 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 31.03.2015 - ₹ 218,239,587) for the Financial Years 2000-01 and 2001-02. SITL's contention has been that the payments were made for purchase of 'Goods' and hence was under no obligation to withhold Income-tax on the same. SITL had received favorable orders from the ITAT which were reversed by the Honorable High Court of Karnataka. SITL 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 SITL 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 31.03.15 - ₹ 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 with held.

Payment in the nature of Royalty on which Income-tax have not been deducted at source are subject to disallowance as an 'expense' as per Sections 40(a)(i) and 40(a)(ia) while computing taxable profits of SITL. Consequent to issue described in (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 SITL. Based on

legal opinions and feedback from its legal counsels, SITL 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 31.03.2015 - ₹ 2,364,309,742) of tax demand for the Financial Year 2001-02, 2002-2003, 2006-07 and 2007-08. SITL had received a favorable order from the ITAT. The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.

₹ 9,751,543 (As at 31.03.2015 - ₹ Nil) for the Financial Year 2012-13. During the year, SITL has preferred an appeal to the Commissioner of Income-tax (Appeals).

(vii) Transfer Pricing Adjustment

₹ 116,162,422 (As at 31.03.15 - ₹ Nil) for the Financial Year 2011-12. The Income-tax department has recommended the upward adjustment in the value of Investment in subsidiary and sale of services to associated enterprises as Transfer Pricing Adjustment in the International transactions in order to consider them to be at arm's length price. The Company has preferred an appeal before Commissioner of Income-tax (Appeals).

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

	As at 31.03.2016	As at 31.03.2015
29: Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	9,126,177	9,885,200
Other commitments - purchase contracts	228,824,990	47,098,133
30: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	1,037,705	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 beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

31: 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.

The following are the outstanding forward exchange contracts entered into by the Group and outstanding as at 31.03.2016 (Previous year figures are in brackets).

Currency	Amount	Buy / Sell	Cross currency
USD	42,679,855	Sell	Rupees
	(46,995,868)	Sell	Rupees
GBP	5,820,000	Sell	Rupees
	(5,940,000)	Sell	Rupees
EUR	5,400,000	Sell	Rupees
	(5,445,000)	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 31.03.2016		As at 31.03.2015		Currency
	Receivable / (Payable) ₹	Receivable / (Payable) in Foreign Currency	Receivable / (Payable) ₹	Receivable / (Payable) in Foreign Currency	
Trade receivables	13,099,559	256,904	11,792,681	247,954	AUD
	5,447,047	79,034	7,958,022	123,822	CHF
	2,641,111	35,028	337,425,889	5,039,823	EUR
	197,640,211	2,069,531	191,343,946	2,069,478	GBP
	445,588	24,700	434,691	25,540	AED
	-	-	95,472,140	1,527,554	USD
	788,000	16,000	-	-	SGD
Other current assets	23,426,171	245,300	7,836,162	84,752	GBP
	5,713,984	86,249	6,610,125	105,762	USD
	-	-	5,139,013	112,995	SGD
Long-term loans and advances	1,068,260	15,500	996,204	15,500	CHF
	118,195	2,318	-	-	AUD
	447,704	4,688	-	-	GBP
	236,400	4,800	-	-	SGD
	20,358	270	-	-	EUR
Short-term loans and advances	1,454,284	28,521	745,229	15,669	AUD
	5,567,385	73,838	1,858,199	27,656	EUR
	11,502,402	120,444	10,131,862	109,581	GBP
	10,530,636	158,953	14,432,328	231,314	USD
	-	-	282,255	4,392	CHF
	274,315	5,570	271,936	5,600	SGD
Other current liabilities	5,979,049	121,402	(2,418,940)	(53,187)	SGD
	(633,959)	(12,433)	(508,321)	(10,688)	AUD
	(52,541,904)	(550,177)	(4,423,611)	(47,844)	GBP
	(1,438,078)	(19,073)	-	-	EUR
	(103,151)	(1,557)	(4,678,896)	(74,862)	USD
Short term borrowings	(798,312,500)	(12,050,000)	-	-	USD
Trade payables	(404,198)	(7,927)	(190,652)	(4,009)	AUD
	(73,252)	(1,063)	(3,112,877)	(48,425)	CHF
	(2,707,539)	(35,909)	(2,073,479)	(30,860)	EUR
	(45,286,960)	(474,209)	(73,047,369)	(785,692)	GBP
	(30,715,995)	(463,638)	(57,797,591)	(924,375)	USD
	(479,449)	(9,735)	(3,001,359)	(65,993)	SGD

32: Employee benefit plans

i) Defined contribution plans

a) Provident fund

The Group 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 Group is required to contribute a specified percentage of payroll cost to fund the benefits.

The Rules of the Group's Provident Fund administered by the Trust require that if the Board of Trustees are unable to pay interest at the rate declared for Employees' Provident Fund by the Government under para 60 of the Employees' Provident Fund Scheme, 1952 for the reason that the return on investment is less or for any other reason, then the deficiency shall be made good by the Group. Having regard to the assets of the Fund and the return on the investments, the Group 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 ₹ 91,243,940 (for the year ended 31.3.2015 ₹ 74,459,723) has been charged to the Consolidated Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 25 Employee benefits expense).

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

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	Year ended 31.03.2016	Year ended 31.03.2015
Employee's State Insurance (as part of Staff welfare expenses in Note 25 Employee benefits expense)	354,009	215,079
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 25 Employee benefits expense)	40,970,997	31,308,777
401K contribution of a subsidiary (as part of Contribution to provident fund and other funds in Note 25 Employee benefits expense)	11,492,530	6,713,228
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in Note 25 Employee benefits expense)	2,896,381	2,637,963
National Insurance Contribution (as part of Contribution to Provident Fund and other Funds in Note 25 Employee benefits expense)	28,944,517	24,874,177
ii) Defined benefit plans - Gratuity		
As per actuarial valuation		
Change in Obligation during the year		
Present value of Defined Benefit Obligation at beginning of the year	184,476,995	128,827,388
Current Service Cost	26,265,693	16,612,674
Interest Cost	14,754,042	12,084,009
Liability Transferred in/ Acquisition	-	1,446,512
Actuarial (Gains)/Losses	(8,836,544)	50,533,300
Benefits Paid	(13,249,844)	(25,026,888)
Present value of Defined Benefit Obligation at the end of the year	203,410,342	184,476,995
Change in Assets during the year		
Plan assets at the beginning of the year	181,973,026	130,147,014
Expected return on plan assets	14,553,995	11,322,789
Contributions by Employer	27,361,323	48,226,221
Actual benefits paid	(13,249,844)	(25,026,888)
Actuarial Gains/ (Losses)	(10,582,063)	17,303,890
Plan assets at the end of the year	200,056,437	181,973,026
Actual return on plan assets	3,971,932	28,626,679
Net Asset/(Liability) recognized in the Balance Sheet		
Present Value of Defined Benefit Obligation	203,410,342	184,476,995
Fair value of plan assets	200,056,437	181,973,026
Fund status (Surplus/(Deficit))	(3,353,905)	(2,503,969)
Assets	2,914,668	-
Liability	(6,268,573)	(2,503,969)
Expenses recognized in the statement of Profit & Loss (as part of Contribution to Provident Fund and other Funds in Note 25 Employee benefits expense)		
Current Service Cost	26,265,693	16,612,674
Interest Cost	14,754,042	12,084,009
Expected return on plan assets	(14,553,995)	(11,322,789)
Net Actuarial (Gains)/Losses	1,745,519	33,229,410
Total Expense	28,211,259	50,603,304
The major categories of plan assets as a percentage of total plan		
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	11.01%	11.00%
Defensive Fund	43.64%	42.68%
Balanced Fund	45.18%	46.13%
Stable Managed Fund	0.17%	0.19%



	Year ended 31.03.2016	Year ended 31.03.2015
Actuarial Assumptions:		
Discount Rate	8.36%	8.00%
Rate of return on plan assets	8.36%	8.00%
Retirement Age	60 Years	60 Years
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Salary escalation	5.00%	5.00%
Estimate of amount of contribution in the immediate next year	33,457,744	28,769,672

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.

	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Experience adjustments					
Present value of defined benefit obligation	203,410,342	184,476,995	128,827,388	113,070,528	95,158,119
Fair value of plan assets	200,056,437	181,973,026	130,147,014	109,767,991	93,354,600
Surplus / (deficit)	(3,353,905)	(2,503,969)	1,319,626	(3,302,537)	(1,803,519)
Experience adjustments on plan liabilities - (gain)/losses	(578,412)	45,907,988	22,097,555	170,144	5,069,613
Experience adjustments on plan assets - (losses)/gain	(10,582,063)	17,303,890	(1,215,547)	(167,118)	(4,560,059)

The gratuity benefit of a subsidiary is non funded:	31.03.2016	31.03.2015
Charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 25 Employee benefits expense).	2,811,967	1,484,625
Closing Liability	1,830,554	704,125

33: 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 Group's business viz., products and services. Revenue is identified based on the business operations.

Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been allocated on the basis of associated revenues of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. 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

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	India		Other than India		Unallocable		Consolidated	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Revenue								
Revenue from operations	12,791,256,506	11,051,736,675	6,613,757,146	5,769,544,711	-	-	19,405,013,652	16,821,281,386
Segment result								
Earnings before finance cost, other income and taxes	611,683,577	408,799,388	1,245,651,999	1,206,842,561	-	-	1,857,335,576	1,615,641,949
Other Income	28,773,474	9,612,715	117,689,314	23,838,790	291,357,863	165,295,535	437,820,651	198,747,040
Profit before exceptional item, finance cost and taxes	640,457,051	418,412,103	1,363,341,313	1,230,681,351	291,357,863	165,295,535	2,295,156,227	1,814,388,989
Finance costs							79,495,401	27,580,669
Profit before tax and exceptional item							2,215,660,826	1,786,808,320
Exceptional items - Interest income on Income Tax refund							(36,804,281)	(32,175,916)
Profit before tax							2,252,465,107	1,818,984,236
Tax expense							666,555,317	486,170,272
Profit before minority interest							1,585,909,790	1,332,813,964
Minority interest							-	4,152,865
Profit after tax after minority interest							1,585,909,790	1,336,966,829
Segment assets	3,046,193,175	2,337,854,407	4,734,385,684	4,124,579,293	2,138,276,657	1,619,029,682	9,918,855,516	8,081,463,382
Segment liabilities	2,346,792,532	2,128,240,694	948,459,886	778,809,321	1,913,678,466	890,106,922	5,208,930,884	3,797,156,937
Other Information								
Capital expenditure	3,490,034	4,282,821	201,616,726	58,241,950	-	-	205,106,760	62,524,771
Depreciation and amortisation	3,630,605	2,917,934	57,994,431	57,796,597	-	-	61,625,036	60,714,531
Other significant non-cash expenses	1,630,525	7,379,975	14,548,797	162,351	2,435,078	-	18,614,400	7,542,326

Secondary disclosure - Business Segment

₹

	Product		Services		Unallocable		Consolidated	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Revenue	12,288,425,552	10,688,063,608	7,116,588,100	6,133,217,778	-	-	19,405,013,652	16,821,281,386
Assets	3,448,039,908	2,741,345,356	4,332,538,951	3,721,088,344	2,138,276,657	1,619,029,682	9,918,855,516	8,081,463,382
Capital expenditure	3,490,034	4,282,821	201,616,726	58,241,950	-	-	205,106,760	62,524,771
Geographical Segment based on location of assets								
Segment assets	4,466,968,330	4,449,599,306	3,313,610,529	2,012,834,394	2,138,276,657	1,619,029,682	9,918,855,516	8,081,463,382
Capital expenditure	3,490,034	4,282,821	201,616,726	58,241,950	-	-	205,106,760	62,524,771

**34: Related party disclosure**

i) Details of related parties :

Description of relationship

Key Management Personnel (KMP)

Names of related parties

Mr. P Srikar Reddy, Managing Director & Chief Executive Officer

KMP (₹)**31.03.2016****31.03.2015**

ii) Transactions with related parties :

Remuneration

P Srikar Reddy, Managing Director & Chief Executive Officer

35,396,902

30,438,932

Commission

P Srikar Reddy, Managing Director & Chief Executive Officer

7,929,549

6,684,834

iii) Balances outstanding at the end of the year

Remuneration payable

P Srikar Reddy, Managing Director & Chief Executive Officer

10,000,000

10,000,000

Commission payable

P Srikar Reddy, Managing Director & Chief Executive Officer

7,929,549

6,684,834

35: 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 120 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 :

(₹)**Year ended****Year ended****31.03.2016****31.03.2015**

Not later than one year

158,867,298

46,764,630

Later than one year and not later than 5 years

256,695,376

77,753,767

Later than 5 years

5,164,214

-

iii. The lease payments recognised in the Statement of Profit and Loss are as under :
included in Rent (Refer Note 27)

275,183,748

210,563,842

275,183,748**210,563,842**

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

36: The effect of acquisition of subsidiary

The effect of acquisition of subsidiaries on the financial position and results as included in the Consolidated Financial Statements is given below:

Particulars**Halosys Technologies Inc. (₹)**

Date of acquisition

September 11, 2015

Liabilities as at 31.03.2016

Current liabilities

4,082,870

Assets as at 31.03.2016

Non-current assets

215,150,016

Current assets

40,324,715

Profit / (Loss) after tax for the period ended 31.03.2016

(15,188,517)

Particulars**Interactive Business
Information Systems Inc. (₹)**

Date of acquisition

November 18, 2015

Liabilities as at 31.03.2016

Non Current liabilities

33,288,911

Current liabilities

37,930,186

Assets as at 31.03.2016

Non-current assets

698,122,868

Current assets

60,444,563

Profit / (Loss) after tax for the period ended 31.03.2016

9,450,418

37: 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 :	50.69%	2,387,431,026	69.71%	1,105,515,844
	(58.03%)	(2,485,653,300)	(87.41%)	(1,168,670,151)
Subsidiaries :				
Indian				
Sonata Information Technology Limited	22.90%	1,078,475,398	21.31%	338,017,926
	(17.98%)	(770,388,290)	(18.93%)	(253,049,904)
Foreign				
Sonata Software North America Inc.	(-)5.83%	(-)274,378,293	8.56%	135,773,292
	(9.52%)	(407,966,236)	((-)2.22%)	((-)29,714,074)
Sonata Europe Limited	8.14%	383,339,720	2.08%	33,020,689
	(8.81%)	(377,458,898)	((-)2.87%)	((-)38,393,090)
Rezopia Inc.	2.59%	121,960,478	(-)0.34%	(-)5,404,254
	(2.66%)	(113,892,792)	((-)1.05%)	((-)14,002,084)
Sonata Software FZ LLC (Dubai)	1.18%	55,519,752	(-)0.91%	(-)14,478,677
	(2.65%)	(113,733,978)	((-)0.35%)	((-)4,710,691)
Sonata Software (Qatar) LLC, Qatar	0.01%	508,923	(-)0.32%	(-)5,087,366
	(0.04%)	(1,881,696)	((-)0.24%)	((-)3,173,689)
Sonata Software GmbH	0.39%	18,327,434	0.27%	4,290,435
	(0.31%)	(13,331,255)	(0.39%)	(5,240,402)
Halosys Technologies Inc.	5.34%	251,391,861	(-)0.96%	(-)15,188,517
	(-)	(-)	(-)	(-)
Interactive Business Information Systems Inc.	14.59%	687,348,334	0.60%	9,450,418
	(-)	(-)	(-)	(-)
Total	100.00%	4,709,924,632	100.00%	1,585,909,790
	(100.00%)	(4,284,306,445)	(100.00%)	(1,336,966,829)

38: Earnings per share

Particulars	31.03.2016	31.03.2015
Profit attributable to equity shareholders (₹)	1,585,909,790	1,336,966,829
Weighted average number of equity shares of ₹ 1/- each	105,159,306	105,159,306
Earnings Per Share - Basic and Diluted (₹)	15.08	12.71

39: Figures pertaining to subsidiaries have been reclassified, where necessary, to bring them in line with the financial statements.

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

41: 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

PRASANNA OKE
Chief Financial Officer

Place : Mumbai

Date : 23rd May 2016

R SATHYANARAYANA
VP - Finance & Accounts

PRIYA MANOJ JASWANI
Company Secretary

**SONATA INFORMATION
TECHNOLOGY LIMITED
FINANCIAL STATEMENTS**

BOARDS' REPORT



To the Members,

The Directors have pleasure in presenting before you the Sixteenth Annual Report of your Company together with the Audited Statements of Accounts for the Financial Year ended 31st March, 2016.

FINANCIAL RESULTS

₹ in Crores

Description	Financial Year ended 31.03.2016	Financial Year ended 31.03.2015
1. Total Income	1,259.37	1,096.54
2. Total Expenditure	1,204.63	1,058.29
3. EBITDA	54.74	38.25
5. Depreciation & Amortization Expense	0.36	0.29
4. Finance Cost	6.30	3.47
5. Profit before Tax and Exceptional Items	48.08	34.48
6. Exceptional item (Interest income on Income Tax refund)	3.68	3.03
7. Provision for Tax (Net)	17.84	12.21
8. Profit after Tax	33.91	25.30
9. Earnings in ₹ per share	100.47	74.97

BUSINESS PERFORMANCE

Your Company has posted encouraging results for the Financial Year that ended on 31st March, 2016.

We have been able to show a strong 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 ₹ 1259 crores in the Financial Year under review with a growth of 43% in EBITDA and 34% in PAT. The focus in this business has always been to manage Return on Capital Employed, which was 36% for the Financial Year.

Your Company's business has two broad lines:

A. PRODUCTS

Your Company's focus on new technology areas like Cloud, Social & Analytics has given good results. Your Company has been awarded the best partner for the year from companies like Microsoft, Oracle and SAP. We started focusing on the Security SI business which has been welcomed by most of our customers. Our focus on storage appliances like Oracle Exadata, Oracle ODA boxes and security appliances like Palo Alto and Check Point have seen good potential in the enterprise customer space. We will continue to focus on the cloud and cloud consulting services and provide more value added products and services to our customers in the coming years.

B. SERVICES

During the year under review, your Company has strengthened

its offerings in our focus verticals and acquired new clients. During the year, the group has brought in a razor-sharp focus in our key verticals of Travel, Retail, Consumer Products and Outsourced Product Development. We continue to innovate on our solutions and platforms for our go-to-market strategy. As a result, we have a deeper relationship with our existing clients and our engagements span across multiple technology and service offerings. One significant highlight being, we started a long term engagement with one of the largest global FMCG Company and another with a large Indian conglomerate.

OUTLOOK IN BUSINESS

Your Company will continue to focus on bringing in high value products to Indian markets and will continue to look for potential tie ups with leading OEMs from different countries. We are also focusing on Security System Integration which will bring in more stickiness with our existing customers and our focus on appliance like Check Point and Palo Alto and other leading data base appliances like ODA Boxes & Oracle Exadata have a good potential within our enterprise customer space.

DIVIDEND / TRANSFER TO RESERVES

During the year under review, your Company had declared and paid First interim dividend of ₹ 5/- per equity share, Second interim dividend of ₹ 5 /- per equity share, Third interim dividend of ₹ 5/- per equity share and Fourth interim dividend of ₹ 5 /- per equity share, thereby, aggregating to a total dividend of ₹ 20/- per equity share (Previous Year ₹ 17/- per equity share of ₹ 10/- each). Hence, your Directors do not recommend any final dividend for the Financial Year 2015-16.



BOARD MEETINGS

During the year under review, the Board of Directors met 4 (Four) times. The Board Meetings were held on the following dates - 19th May, 2015, 5th August, 2015, 2nd November, 2015 and 9th February, 2016.

BOARD OF DIRECTORS AND OTHER MANAGERIAL PERSONNEL

Mr. P Srikar Reddy, Non-Executive Director of your Company, retire by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting (AGM). Brief profile of Mr. P Srikar Reddy is given in the notes to the Notice of the ensuing AGM.

During the year under review, your Company has not appointed any Director.

DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

Your Company has received necessary declarations from each Independent Directors 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.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- the Directors had prepared the annual accounts on a going concern basis; and
- 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 Mr. B K Syngal (Chairman), Mr. P Srikar Reddy and Ms. Radhika Rajan as its members. The Committee met 4 (Four) times during the year under review and all its recommendations were accepted by the Board.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee includes Mr. B K. Syngal (Chairman), Mr. P Srikar Reddy and Ms. Radhika Rajan as its members. The Committee met 2 (Two) times during the year under review. A policy for remuneration of Directors, KMP and other Employees which had been laid down by the Company, forms part of this Report as **ANNEXURE I**.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee comprises of Mr. B K. Syngal (Chairman), Mr. P Srikar Reddy and Ms. Radhika Rajan as its members. The Committee met 1 (one) time during the year under review.

QUALIFICATIONS IN AUDIT REPORTS

Your Company confirms that there is no qualification in the Statutory Auditors' Report and Secretarial Audit Report for the year under review.

SECRETARIAL AUDIT

Secretarial Audit Report as provided by Mr. Sriram Parthasarathy, 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

The Secretarial Standards 1 and 2 have been notified by Central Government w. e. f 1st July, 2015 and your Company has complied with 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 MGT 9 as a part of this Annual Report as **ANNEXURE III**.

RECOGNITION

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

- Microsoft Best Vendor Award for 2015
- 'Marketing Partner of the Year' for 2014 from SAP
- 'LAR Partner of the Year 2015' award from Microsoft

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) CONSERVATION OF ENERGY

Though your Company does not have energy intensive operations, every endeavor has been made to ensure the optimal usage of energy, avoid wastage and conserve energy. As

an ongoing process the Company continued to undertake the following measures to conserve energy:

- Using energy-efficient computers and equipment with the latest technologies, which would help in conservation of energy.
- Installation of sensors at work space area resulting in lights automatically getting switched off in areas not in use.
- Installation of LCD/LED monitors (energy efficient) in place of normal CRT monitors, thereby saving energy

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 continued

Employee Name	Designation in the Company	Educational qualification	Age	Experience (In Years)	Date of joining	Gross remuneration	Previous employment & designation
Mr. Sujit Mohanty	Vice President & Director	MA & PGDM	49	27	01.02.1991	₹ 7,934,797	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 year under review.

QUALITY MANAGEMENT

Your Company continues its journey to achieve customer delight by enhancing its quality management system processes. Your Company has enhanced some of the delivery processes so as to facilitate much more effective delivery of products and services to customers. The risk management is now more proactive in nature so as to apply timely remedial actions.

During the year under review, the customer satisfaction index continues to remain at 4 out of 5.

Your company successfully underwent the routine surveillance audit under ISO 9001:2008 standard and is aiming for recertification with newer version of standard i.e., ISO 9001:2015.

HUMAN RESOURCES MANAGEMENT

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

- Senior Leadership Development through customised programs on Strategic Business Leadership, key developmental interventions through Executive Coaching, & Sponsoring leaders to Strategic Leadership Programs with B-schools.
- Organized several employee engagement & CSR events

focus on the new technology areas in Cloud, Mobility and Analytics. We have also entered into alliance with leading global players in this field for building technology competencies.

(C) Foreign Exchange Earnings and Outgo

During the Financial Year under review, Foreign Exchange outgo on account of Travelling, Royalty, Import of traded products, etc. was ₹ 87.8 crores and Foreign Exchange inflow on account of software services rendered and sales of traded products exports was ₹ 16.8 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 –

across our facilities enabling employees to engage, participate, contribute and do their bit to our society

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

- Your Managing Director along with his Leadership team shared the Company strategy, plans & key focus areas.
- Unveiled your Company’s future way of working under the Sonata Reimagined banner.

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.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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 has helped in further strengthening the Internal Control Systems that are in place.

The existing Internal Control Systems and their adequacy have been reviewed extensively during the year by Internal Auditors, Statutory Auditors and external consultants. They have expressed an opinion that the internal control system is adequate and functioning effectively. The Internal Financial Control Systems, related policies and procedures have been tested by the Statutory Auditors and Internal Auditors during the year under review. They have expressed their satisfaction with regard to the adequacy and



effectiveness of the financial control systems in place to address risk management and mitigation strategies.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There is no significant and material order passed by the Regulators or Courts, during the year under review.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the Financial Year under review, your Company has taken Inter Corporate Deposits at prevailing bank lending rate from its Holding Company, Sonata Software Ltd. for meeting its working capital requirements. The balance outstanding as on 31st March, 2016 is ₹ 1.9 crores. The maximum amount outstanding at any point of time during the Financial Year has been ₹ 99.6 crores.

Also, your Company has taken Corporate Guarantees from its holding company, Sonata Software Ltd. for facilitating its business needs. The outstanding amount as on 31st March, 2016 is as below:

Name of the Party	Amount in ₹ Crores
IBM India Ltd.	5.0
Microsoft Corporation (India) Pvt. Ltd.	99.4

RISK MANAGEMENT

Our Risk Management practices seek to sustain our long term vision and mission. The 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 the Company and formulates strategies directed at mitigating these risks. 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 "CSR"

During the Financial Year your Company has spent ₹ 26.06 lakhs towards CSR activities

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 as part of save the environment program
- Promote education to the impaired – Contributed to Sense International India, a Centre for Deaf and Blind in Bengaluru
- Preservation of Wildlife – Partnered with WCT to provide advanced level of education for children studying in the buffer zones of Bandipur tiger reserve
- Scholarships for economically challenged engineering students – Partnered with SKVMA Trust to support technical education for economically challenged students in the backward districts of Karnataka
- Support traditional Handloom through IT expertise – Develop an ecommerce online portal for Handloom students to empower

traditional weaving techniques and sell their products

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 year under review your Company has availed Inter Corporate Deposits at prevailing bank lending rate from its Parent Company, Sonata Software Ltd. for meeting its working capital requirements.

Also, your Company has obtained Corporate Guarantees on its behalf from its Parent Company, Sonata Software Ltd, for facilitating its business needs.

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.

STATUTORY AUDITORS

M/s. Deloitte, Haskins & Sells, Chartered Accountants, (ICAI Registration No. 008072S), Bengaluru, Statutory Auditors of your Company retire at the conclusion of the forthcoming AGM and are eligible for re-appointment.

ACKNOWLEDGMENTS

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.

Place : Mumbai
Date : 23rd May, 2016

For and on behalf of the Board
**SONATA INFORMATION
TECHNOLOGY LIMITED**

P. SRIKAR REDDY
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 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

FINANCIAL YEAR ENDED 31st MARCH, 2016

[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
CIN : U72300MH2000PLC127476
No 208, TV Industrial Estate, S K Ahire Marg,
Worli, Mumbai – 400 030

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 Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the Audit period covering the Financial Year ended on 31st March, 2016 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 31st March, 2016 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the Rules made thereunder;
- 2) The Special Economic Zone Act, 2005 and Policy relating to Software Technology Parks of India and its Regulations.

I have also examined compliance with the applicable clauses of Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

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 generally 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.

All decisions were carried out with unanimous approval of the Board and there was no instance of dissent voting by any member during the period under review.

I have examined the systems and processes established by the Company to ensure the compliance with general Laws including Labour Laws, Employees Provident Funds Act, Employees State Insurance Act and other state laws, considering and relying upon representations made by the Company and its Officers for systems and mechanisms formed by the Company for compliance under these laws and other applicable sector specific Acts, Laws, Rules and Regulations applicable to the Company and its observance by them.

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 other applicable laws, and the rules made thereunder.

I further report that during the Audit period, there were no instances of:

- (i) Public / Rights / Preferential issue of shares / debentures / sweat equity.
- (ii) Redemption / buy-back of securities.
- (iii) Major decisions taken by the Members in pursuance to Section 180 of the Companies Act, 2013.
- (iv) Merger / amalgamation / reconstruction etc.
- (v) Foreign technical collaborations.

This Report is to be read with my testimony of even date which is annexed as Annexure A and forms an integral part of this report.

Place : Bengaluru

Date : 23rd May 2016

Signature:

P. Sriram

P. Sriram & Associates

FCS No. 4862 / CP No: 3310

Annexure A

To

The Members,

Sonata Information Technology Limited

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

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

Place : Bengaluru

Date : 23rd May 2016

Signature:

P. Sriram

P. Sriram & Associates

FCS No. 4862 / CP No: 3310



ANNEXURE III

EXTRACT OF ANNUAL RETURN FORM- MGT-9 FOR THE FINANCIAL YEAR ENDED 31st March, 2016

I REGISTRATION & OTHER DETAILS:

i	CIN	U72300MH2000PLC127476
ii	Registration Date	29/06/2000
iii	Name of the Company	Sonata Information Technology Limited
iv	Category/Sub-category of the Company	Public Company Limited by Shares
v	Address of the Registered office & contact details	No.208 T V Industrial "Estate" "S.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)

(i) Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Shares	Demat	Physical	Total	% of Shares		
A. Promoters										
(1) Indian										
a) Individual*/HUF	0	700	0	0.02	0	700	0	0.02	0	0
b) Central Govt.or										
State Govt.	0	0	0		0		0		0	0
c) Bodies Corporates	0	3,374,694	0	99.98	0	3,374,694	0	99.98	0	0
d) Bank/FI	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 Shares	Demat	Physical	Total	% of Shares		
e) Any other	0	0	0	0	0		0		0	0
SUB TOTAL:(A) (1)	0	3,375,394	0	100	0	3,375,394	0	100	0	0
(2) Foreign	0	0	0	0	0	0	0	0	0	0
a) NRI- Individuals	0	0	0	0	0	0	0	0	0	0
b) Other Individuals	0	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0	0
e) Any other...	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (A) (2)	0	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	0	3,375,394	0	100	0	3,375,394	0	100	0	0
B. Public Shareholding	0	0	0	0	0	0	0	0	0	0
(1) Institutions	0	0	0	0	0	0	0	0	0	0
a) Mutual Funds	0	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0	0
d) State Govt.	0	0	0	0	0	0	0	0	0	0
e) Venture Capital Fund	0	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0	0
g) FIIS	0	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(1):	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 Shares	Demat	Physical	Total	% of Shares		
(2) Non Institutions	0	0	0	0	0	0	0	0	0	0
a) Bodies corporates	0	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	0	0	0	0	0	0	0	0	0	0
ii) Individuals shareholders holding nominal share capital in excess of ₹1 lakhs	0	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0	0
SUB TOTAL (B)(2):	0	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	0	3,375,394	0	100	0	3,375,394	0	100	0	0

***Note:** The beneficial ownership in the shares held by individual shareholders is held by Sonata Software Limited (Holding Company)

(ii) Shareholding of promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	
1	Sonata Software Limited	3,374,694	99.98	NIL	3,374,694	99.98	NIL	NIL
	Total	3,374,694	99.98	NIL	3,374,694	99.98	NIL	NIL

(iii) Change in promoters' shareholding

Sl. No.	Name of the Shareholder	Shareholding at the beginning of the Year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	3,374,694	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	3,374,694	99.98	NIL	NIL

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise increase/decrease in Promoters 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 beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
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)

**V INDEBTNESS**

₹ in Crores

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the Financial Year				
i) Principal Amount	NIL	19.11	NIL	19.11
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	19.11	NIL	19.11
Change in Indebtedness during the Financial Year				
Additions	355.03	513.70	NIL	868.73
Reduction	332.49	530.86	NIL	863.35
Net Change	22.54	(17.16)	NIL	5.38
Indebtedness at the end of the Financial Year				
i) Principal Amount	22.54	1.95	NIL	24.49
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	22.54	1.95	NIL	24.49

VI REMUNERATION OF DIRECTORS**A. Remuneration to Managing Director, Whole time Director and/or Manager:**

₹

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.	7,921,979	7,921,979
2	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	12,818	12,818
3	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	--	--
4	Stock option	--	--
5	Sweat Equity	--	--
6	Commission as % of profit	--	--
7	Others, please specify	--	--
8	Total (A)	7,934,797	7,934,797
9	Ceiling as per the Act		48,913,819

Note:

- 1) The Director Mr. P Srikar Reddy was not paid any remuneration as he held executive position in Sonata Software Limited (Holding Company).

B. Remuneration to other Directors:

₹

Sl. No.	Particulars of Remuneration	Name of the Independent Directors		Total Amount
1	Independent Directors	Mr. B K Syngal	Ms. Radhika Rajan	
2	(a) Fee for attending board/committee meetings	240,000	160,000	400,000
3	(b) Commission	--	--	--
4	(c) Others, please specify	--	--	--
5	Total (1)	240,000	160,000	400,000
	other Non-Executive Directors			
6	(a) Fee for attending board /committee meetings for	--	--	--
7	(b) Commission	--	--	--
8	(c) Others, please specify	--	--	--
9	Total (2)	--	--	--
10	Total (B)=(1+2)	240,000	160,000	400,000
11	Total Managerial Remuneration	--	--	--
12	Overall Ceiling as per the Act			4,891,382

C. Remuneration to key managerial personnel other than MD/Manager/WTD

₹

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
1	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	--	--
2	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	--	--
3	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	--	--
4	Stock option	--	--
5	Sweat Equity	--	--
6	Commission as % of profit	--	--
7	Others, please specify	--	--

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no penalties or punishments levied on the Company during the year under review. Also, there was no necessity for the Company to compound any offence.

Place : Mumbai

Date : 23rd May, 2016

For and on behalf of the Board
SONATA INFORMATION TECHNOLOGY LIMITED

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 the Company, 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 directly or indirectly, that benefit the communities and society at large, by enhancing the quality of life & economic well-being of the local populace through continues efforts.

- The CSR Committee comprises of the following Members-
 - Mr. B K Syngal (Chairman)
 - Mr. P Srikar Reddy
 - Ms. Radhika Govind Rajan
- Average net profits of the Company for the last three Financial Years is ₹ 260,154,000/-
- Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) is ₹ 5,203,080/-.
- Details of CSR spent during the Financial Year 2015-16.
 - Total amount spent for the Financial Year 2015-16 was ₹ 2,606,315/-
 - Amount unspent was ₹ 2,596,765/-
 - Manner in which the amount spent during the Financial Year 2015-16 is detailed below-

₹ in Lakhs

Sl. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1)Local area or other (2)Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub Heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period.	Amount spent: Direct or through implementing agency
1	Women Weave-E commerce Platform for Weaving Community	Promotion of Arts, Heritage & Culture	Project in Bengaluru	35.00	Direct exp : 7.74 Indirect exp : Nil	7.74	Handloom school
2	Go Green-Tree Plantation drive	Environmental sustainability	National Park in Rajasthan & Our Bengaluru Campus-Global Village	5.00	Direct Exp : 7.20 Indirect Exp : Nil	7.20	Pangea Eco assets pvt ltd (www.grow trees .com)
3	Improving Sustainability around Wildlife Parks and protection of Wildlife	Protection of Wild life sanctuaries by providing sustainability & education to Village schools surrounding Parks	Bandipur	13.97	Direct Exp : 9.12 Indirect Exp : Nil	9.12	Wildfire Conservation Trust (WCT) Direct - 9.12
4	Empowering backward students with Scholarships	Education for Economically Backward students to pursue technical education	Gadag District	2.00	Direct Exp : 2.00 Indirect Exp : Nil	2.00	SSKVMA Direct - 2
	TOTAL			55.97		26.06	

- The Company is committed in spending towards the CSR initiatives and has also identified several projects which are implemented in a phased manner. During the year under review, the shortfall in the spend is due to delay in process of internal approvals within the NGO's. The spend has increased as compared to last year and will further increase in the future as the Company is taking necessary steps to channelize the funds allocated for this purpose.
- A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

P. Srikar Reddy
Chairman

Date : 23rd May, 2016

Mr. B K Syngal
Chairman of 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 Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014 - Form AOC-2)

1) Details of Contracts or Arrangements or transactions not at arm's length basis:

There was no Contracts / Arrangement / transaction entered into during the Financial Year ended 31st March, 2016, which was not at arm's length basis.

2) Details of material Contracts or Arrangement or transactions at arm's length basis for the Financial Year ended 31st March, 2016 are as follows:

Amount in ₹

Name of the Related Party	Sonata Software Limited
Nature of Relationship	Holding Company
Nature of Contracts/Arrangements/Transactions:	
Revenue from software product and licenses	32,216,326
Deputation cost/ Service charges/Software project fees	172,864,161
Reimbursement of expenses	8,691,643
Inter-corporate deposit taken	5,137,000,000
Inter-corporate deposit repaid	5,117,500,000
Interest on inter-corporate deposit paid	26,855,946
Rent paid	3,587,411
Dividend paid	67,507,880
Corporate guarantee taken	331,250,000
Commission paid on Corporate guarantees	3,929,427

Notes:

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

Place : Mumbai

Date : 23rd May, 2016

For and on behalf of the Board
SONATA INFORMATION TECHNOLOGY LIMITED

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, 2016, the Statement of Profit and Loss and 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 prescribed under section 133 of the Act, as applicable.

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 and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements 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 auditors' 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. 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, 2016, 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 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 prescribed under section 133 of the Act, as applicable.
 - e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditors' 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.
 - 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.
2. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 008072S)

Place : Mumbai

Date : 23rd May 2016

V. Srikumar

Partner
(Membership No. 84494)



ANNEXURE "A"

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

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

We have audited the internal financial controls over financial reporting of **Sonata Information Technology Limited** ("the Company") as of 31st March, 2016, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit.

We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

For DELOITTE HASKINS & SELLSChartered Accountants
(Firm's Registration No. 008072S)**Place :** Mumbai**Date :** 23rd May 2016**V. Srikumar**Partner
(Membership No. 84494)



ANNEXURE "B"

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) According to the information and explanations given to us and the records examined by us, the Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the Order is not applicable to the Company.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable to the Company.
- (v) In our opinion and according to the information and explanation given to us, the Company has not accepted any deposit during the year and does not have any unclaimed deposits and hence the reporting under clause (v) of the Order is not applicable to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act and hence the reporting under clause (vi) of the Order is not applicable to the Company.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Duty of Customs, Duty of Excise, 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, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.
 - (c) Details of dues of Income-tax, Sales-tax, Service Tax, Duty of Customs, Duty of Excise, and Value Added Tax which have not been deposited as on 31st March, 2016 on account of disputes are given below:

Name of statute	Nature of dues	Forum where the dispute is pending	Period to which the amount relates	Amount (in ₹)
Income-tax Act, 1961	Income Tax and Interest thereon	Supreme Court	AY 2001-02 and AY 2002-03	218,239,587*
Income-tax Act, 1961	Income Tax and Interest thereon	Commissioner of Income Tax (Appeals)	AY 2012-13 and AY 2013-14	169,265,810^
Finance Act, 1994	Service Tax	Customs, Excise and Service Tax Appellate Tribunal	FY 2004-05 and 2005-06	21,352,990
Karnataka VAT Act, 2003	Sales Tax	The Joint Commissioner of Commercial Taxes (Appeals), Bengaluru	FY 2001-02	147,008#

* Net of ₹12,500,000/- paid under protest

^ Net of ₹124,843,220/- paid under protest

Net of ₹ 147,009/- paid under protest

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institution and banks. The Company has neither taken any loans or borrowings from government nor has issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding company or persons connected with them and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Firm's Registration No. 008072S)

Place : Mumbai

Date : 23rd May 2016

V. Srikumar

Partner
(Membership No. 84494)

BALANCE SHEET as at 31st March, 2016



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	Note No.	As at 31.03.2016	As at 31.03.2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	33,753,940	33,753,940
Reserves and surplus	4	991,838,423	736,634,350
		1,025,592,363	770,388,290
NON-CURRENT LIABILITIES			
Other long-term liabilities	5	2,041,985	1,274,224
		2,041,985	1,274,224
CURRENT LIABILITIES			
Short-term borrowings	6	244,903,857	191,080,217
Trade payables			
- Total outstanding dues of micro and small enterprises	27	-	-
- Total outstanding dues other than micro and small enterprises	7	2,096,657,224	1,930,194,204
		2,096,657,224	1,930,194,204
Other current liabilities	8	245,503,322	194,547,672
Short-term provisions	9	28,634,110	29,973,966
		2,615,698,513	2,345,796,059
TOTAL		3,643,332,861	3,117,458,573
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	10(i)	6,497,291	6,697,848
Deferred tax assets (net)	11	8,065,981	4,685,529
Long-term loans and advances	12	176,916,065	316,366,971
Other non-current assets	13	7,834,197	2,613,270
		199,313,534	330,363,618
CURRENT ASSETS			
Current investments	14	-	75,164,038
Inventories	15	100,090,229	73,331,244
Trade receivables	16	2,401,577,465	2,030,158,715
Cash and cash equivalents	17	629,039,242	300,001,349
Short-term loans and advances	18	246,244,170	274,535,555
Other current assets	19	67,068,221	33,904,054
		3,444,019,327	2,787,094,955
TOTAL		3,643,332,861	3,117,458,573

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

V. SRIKUMAR
Partner

Place : Mumbai
Date : 23rd May 2016

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

PRIYA MANOJ JASWANI
Company Secretary

STATEMENT OF PROFIT AND LOSS for the year ended 31st March, 2016

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	Note No.	Year ended 31.03.2016	Year ended 31.03.2015
REVENUE			
Revenue from operations	20.1	12,501,446,168	10,928,686,305
Other income	20.2	92,244,501	36,719,165
Total revenue		12,593,690,669	10,965,405,470
EXPENSES			
Purchases of stock-in-trade (traded goods)		11,643,790,466	10,256,280,890
Changes in inventories of stock-in-trade	21	(26,758,985)	(61,252,492)
Employee benefits expense	22	163,453,588	132,170,377
Finance costs	23	62,987,211	34,755,252
Depreciation and amortization expense	10(iii)	3,630,605	2,917,934
Other expenses	24	265,830,783	255,716,168
Total expenses		12,112,933,668	10,620,588,129
Profit before exceptional item and tax		480,757,001	344,817,341
Less/(Add): Exceptional item (Interest income on Income tax refund)		(36,804,281)	(30,355,615)
Profit before tax		517,561,282	375,172,956
Tax expense			
Current tax expense		181,830,850	121,455,724
Short/(excess) provision for tax relating to prior years		-	(1,792,803)
Deferred tax		(3,380,452)	2,460,131
Net tax expense		178,450,398	122,123,052
Profit for the year		339,110,884	253,049,904
Earnings per share - Basic and Diluted (on ₹ 10 per share)	36	100.47	74.97
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

V. SRIKUMAR
Partner

Place : Mumbai
Date : 23rd May 2016

For and on behalf of the Board of Directors

P SRIKAR REDDY **SUJIT MOHANTY**
Director Vice President & Director

RADHIKA RAJAN **B K SYNGAL**
Director Director

PRIYA MANOJ JASWANI
Company Secretary

CASH FLOW STATEMENT For the year ended 31st March, 2016



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	Year ended 31.03.2016	Year ended 31.03.2015
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net profit before tax	517,561,282	375,172,956
Adjustments for :		
Depreciation and amortization expense	3,630,605	2,917,934
Finance costs	62,987,211	34,755,252
Bad trade receivables written off	1,184,131	355,422
Provision for doubtful trade receivables	446,394	7,379,975
Provisions/ liabilities no longer required written back	-	(2,089,873)
Interest income on Income tax refund	(36,804,281)	(30,355,615)
Interest income from fixed deposits/margin money with banks	(55,132,232)	(11,300,354)
Dividend income from current investments	(5,767,650)	(9,133,123)
Net (gain) / loss on sale of fixed assets / scrapped	(1,771)	2,845
Net (gain) / loss on sale of current investments	41,345	(1,801)
Unrealized foreign exchange (gain) / loss (net)	4,151,263	(19,852,589)
Operating profit before working capital changes	492,296,297	347,851,029
Adjustments for :		
Decrease/(increase) in trade receivables	(375,028,043)	(703,587,854)
Decrease/(increase) in inventories	(26,758,985)	(61,252,492)
Decrease/(increase) in other current assets	419,702	(1,778,773)
Decrease/(increase) in long-term loans and advances	(5,825,316)	-
Decrease/(increase) in short-term loans and advances	28,291,385	(64,599,097)
(Decrease)/increase in trade payables	165,135,666	398,028,718
(Decrease)/increase in other current liabilities	50,955,650	(49,583,808)
(Decrease)/increase in long-term provisions	767,761	832,735
(Decrease)/increase in short-term provisions	365,407	(94,320)
Cash generated from operations:	330,619,524	(134,183,862)
Direct taxes/advance tax (paid)/refund (net)	1,918,940	34,762,089
Net cash flow from/ (used in) operating activities (A)	332,538,464	(99,421,773)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(3,490,034)	(4,282,821)
Proceeds from sale of fixed assets	61,757	-
Proceeds / (purchase) of current investments (net)	75,122,693	(75,104,725)
Bank balances not considered as Cash and cash equivalents	(485,210,226)	5,079,468
Interest received	19,005,005	10,037,299
Dividend income from current investments	5,767,650	9,133,123
Net cash flow used in investing activities (B)	(388,743,155)	(55,137,656)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings from banks (net)	34,323,640	191,080,217
Proceeds from Inter corporate loan from holding company (net)	19,500,000	-
Dividends paid on equity shares	(67,507,880)	(57,381,698)
Dividend taxes paid on equity shares	(17,117,806)	(7,288,826)
Finance costs	(62,987,211)	(34,755,252)
Net cash flow from/(used in) financing activities (C)	(93,789,257)	91,654,441

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		Year ended 31.03.2016	Year ended 31.03.2015
Net increase/(decrease) in Cash and cash equivalents	(A+B+C)	(149,993,948)	(62,904,988)
Opening Cash and cash equivalents (Refer Note 17)		220,791,966	281,684,271
Exchange difference on translation of foreign currency Cash and cash equivalents		(845,141)	2,012,683
Closing Cash and cash equivalents (Refer Note 17)		69,952,877	220,791,966
Cash and cash equivalents at the end of the year comprises:			
Cheques, drafts on hand		-	10,000
Balances with banks			
In Current accounts		64,763,207	83,944,511
In EEFC accounts		5,189,670	16,837,455
In Demand deposit accounts		-	120,000,000
		69,952,877	220,791,966
See accompanying notes forming part of the financial statements			

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

V. SRIKUMAR
Partner

Place : Mumbai

Date : 23rd May 2016

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

PRIYA MANOJ JASWANI
Company Secretary



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 Bengaluru. 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 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 recognised in the periods in which the results are known / materialise.

c. Inventories

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

d. Depreciation / Amortization

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 straight-line 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 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 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 capitalised 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 recognised 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 recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised 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 recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised 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 recognised as operating leases. Lease rentals under operating leases are recognised 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 recognised 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 recognised 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 recognised for all timing differences. Deferred tax assets are recognised 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 realised. 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 realise 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 recognised 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 recognised, 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 recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

m. Provisions and contingencies

A provision is recognised 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 recognised 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 recognised directly in "Hedging reserve" under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised 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 recognised 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 recognised 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.

	As at 31.03.2016	As at 31.03.2015
3: Share capital		
Authorized		
10,000,000 equity shares of ₹ 10/- each (As at 31.03.2015 : 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 31.03.2015 : 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 31.03.2015 : 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 31.03.2016			
Number of shares	3,375,394	-	3,375,394
Amount ₹	33,753,940	-	33,753,940
Equity shares with voting rights			
Year ended 31.03.2015			
Number of shares	3,375,394	-	3,375,394
Amount ₹	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 31.03.2016	As at 31.03.2015
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

Sonata Software Limited and its nominees - Holding Company		
No. of shares held	3,375,394	3,375,394
% of holding	100%	100%

	As at 31.03.2016	As at 31.03.2015
4: Reserves and surplus		
Capital redemption reserve		
Opening balance	26,253,060	26,253,060
General reserve		
Opening balance	45,000,000	20,000,000
Add: Transferred from surplus in Statement of Profit and Loss	-	25,000,000
Closing balance	45,000,000	45,000,000
Hedging reserve		
Opening balance	9,018,175	-
Less : Transferred to Statement of Profit and Loss	9,018,175	-
Add : Effect of foreign exchange rate variations on hedging instruments outstanding at the end of the year	6,362,500	9,018,175
Closing balance	6,362,500	9,018,175
Surplus in Statement of Profit and Loss		
Opening balance	656,363,115	496,457,004
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	339,110,884	253,049,904
Less :		

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	As at 31.03.2016	As at 31.03.2015
Interim dividend (₹ 20/- equity share) (Previous year ₹ 17/- equity share)	67,507,880	57,381,698
Tax on dividend	13,743,256	10,663,376
Transferred to general reserve	-	25,000,000
Closing balance	914,222,863	656,363,115
Total	991,838,423	736,634,350
5: Other long-term liabilities		
Lease rent equalization	2,041,985	1,274,224
Total	2,041,985	1,274,224
6: Short-term borrowings		
Loans repayable on demand		
From banks - Secured	225,403,857	-
(Working capital demand Loan of ₹ 150,000,000 is secured by Pari passu charge on the current assets of the Company and of ₹ 40,000,000 is secured by Pari passu first charge by way of hypothecation of stocks and book debts of the Company. Overdraft facility of ₹ 35,403,857 is secured against fixed deposit)		
Term loan		
From other than bank - Unsecured	-	191,080,217
Loans and advances from related parties		
Inter-corporate deposit from holding Company - Unsecured (Refer Note 34)	19,500,000	-
Total	244,903,857	191,080,217
7: Trade payables		
Total outstanding dues of creditors other than microand small enterprises - other than acceptances	2,096,657,224	1,930,194,204
Total	2,096,657,224	1,930,194,204
8: Other current liabilities		
Income received in advance (Unearned revenue)	12,665,701	-
Gratuity (Refer Note 32)	-	899,972
Other payables		
Statutory remittances	190,624,433	172,479,523
Payable on purchase of fixed assets	745,000	745,000
Advances from customers	26,271,407	14,392,636
Reimbursable expenses payable to related party	10,489,867	1,491,658
Others	4,706,914	4,538,883
Total	245,503,322	194,547,672
9: Short-term provisions		
Provision for employee benefits - Compensated absences	2,590,001	2,224,594
Provision for tax (net of advance tax - ₹ 414,332,611/- (as at 31.03.2015 - ₹ 242,000,908/-) and net of MAT credit - ₹ 15,427,205/- (as at 31.03.2015 - ₹ 15,427,205))	26,044,109	24,374,822
Provision for tax on proposed dividends	-	3,374,550
Total	28,634,110	29,973,966

FIXED ASSETS**10 (i) Tangible assets**

Particulars *	Gross block				Accumulated depreciation				Net block		
	Cost as at 01.04.2015	Additions	Deductions / adjustments	Cost as at 31.03.2016	Upto 31.03.2015	For the year	Deductions / adjustments	Transition adjustment recorded against balance in surplus in Statement of Profit and Loss	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Leasehold improvements	2,230,601 (2,230,601)	- (-)	- (-)	2,230,601 (2,230,601)	1,938,863 (1,855,352)	83,680 (83,511)	- (-)	- (-)	2,022,543 (1,938,863)	208,058 (291,738)	291,738
Plant and equipments	17,056,993 (13,727,227)	3,149,452 (4,004,888)	431,523 (675,122)	19,774,922 (17,056,993)	11,522,461 (9,836,870)	3,175,239 (2,360,713)	431,519 (675,122)	- (-)	14,266,181 (11,522,461)	5,508,741 (5,534,532)	5,534,532
Furniture and fixtures	607,182 (607,182)	247,837 (-)	86,403 (-)	768,616 (607,182)	335,661 (236,890)	110,073 (98,771)	86,395 (-)	- (-)	359,339 (335,661)	409,277 (271,521)	271,521
Office equipments	2,007,798 (1,799,894)	92,745 (277,933)	424,296 (70,029)	1,676,247 (2,007,798)	1,407,741 (950,433)	261,613 (374,939)	364,322 (67,182)	- (149,551)	1,305,032 (1,407,741)	371,215 (600,057)	600,057
Total	21,902,574 (18,364,904)	3,490,034 (4,282,821)	942,222 (745,151)	24,450,386 (21,902,574)	15,204,726 (12,879,545)	3,630,605 (2,917,934)	882,236 (742,304)	- (149,551)	17,953,095 (15,204,726)	6,497,291 (6,697,848)	6,697,848

10 (ii) Intangible assets

Particulars *	Gross block				Accumulated amortization				Net block		
	Cost as at 01.04.2015	Additions	Deductions / adjustments	Cost as at 31.03.2016	Upto 31.03.2015	For the year	Deductions / adjustments	Transition adjustment recorded against balance in surplus in Statement of Profit and Loss	As at 31.03.2016	As at 31.03.2016	As at 31.03.2015
Computer software - purchased	1,960,101 (1,960,101)	- (-)	- (-)	1,960,101 (1,960,101)	1,960,101 (1,960,101)	- (-)	- (-)	- (-)	1,960,101 (1,960,101)	- (-)	-
Total	1,960,101 (1,960,101)	- (-)	- (-)	1,960,101 (1,960,101)	1,960,101 (1,960,101)	- (-)	- (-)	- (-)	1,960,101 (1,960,101)	- (-)	-

Previous year figures are in brackets

* Represents owned unless otherwise stated

10(iii) Depreciation and amortization expense

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
Depreciation on Tangible assets As per Note 10(i)	3,630,605	2,917,934
Amortization on Intangible assets As per Note 10(ii)	-	-
Total	3,630,605	2,917,934

10(iv) During the previous 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 had 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 had adjusted an amount of ₹ 98,719/- (net of deferred tax) against the opening surplus balance in the Statement of Profit and Loss under Reserves and surplus.



₹

	As at 31.03.2016	As at 31.03.2015
11: Deferred tax assets (net)		
Tax effects on		
Difference between book balance and tax balance of fixed assets	682,501	421,929
Others	7,383,480	4,263,600
Total	8,065,981	4,685,529
12: Long-term loans and advances		
Unsecured, considered good unless otherwise stated		
Security deposits	4,016,200	4,701,925
Other deposits	6,931,780	420,739
Balances with Government authorities - Receivable from customs authority	21,891,299	21,891,299
Advance Tax (net of provision for tax - ₹ 209,223,180/- (as at 31.03.2015 - ₹ 213,988,342/-))	144,076,786	289,353,008
Other recoverables	12,500,000	12,500,000
Less : Allowance for doubtful recoverable	12,500,000	12,500,000
	-	-
Total	176,916,065	316,366,971
13: Other non-current assets		
Balance held as margin money or security against borrowings	7,822,076	2,488,832
Interest accrued but not due on margin money	12,121	124,438
Total	7,834,197	2,613,270
14: Current investments		
Non-trade		
Investments in mutual funds (unquoted) - At lower of cost and fair value, unless otherwise stated		
IDFC Cash Fund- Daily Dividend - (Direct Plan)	-	25,042,907
Nil units (As at 31.03.2015 - 25,029.43 units at ₹ 1,000.54 per unit)		
Tata Money Market Fund Direct Plan - Daily Dividend	-	30,071,293
Nil units (As at 31.03.2015 - 30,025.69 units at ₹ 1,001.52 per unit)		
Reliance Liquid Fund - Cash Plan - Direct Plan Daily Dividend Option - CPAD	-	20,049,838
Nil units (As at 31.03.2015 - 17,995.64 units at ₹ 1,114.15 per unit)		
Total	-	75,164,038
Aggregate cost of unquoted investments	-	75,164,038
15: Inventories		
Stock-in-trade - Hardware/Software product and licenses	100,090,229	73,331,244
Total	100,090,229	73,331,244

₹

	As at 31.03.2016	As at 31.03.2015
16: Trade receivables		
Unsecured		
Trade receivable outstanding for a period exceeding six months from the date they are due for payment		
Considered good	97,357,011	86,928,527
Considered doubtful	7,762,536	7,379,975
	105,119,547	94,308,502
Less : Provision for doubtful trade receivables	7,762,536	7,379,975
	97,357,011	86,928,527
Other trade receivables :		
Considered good	2,304,220,454	1,943,230,188
Considered doubtful	63,833	-
	2,304,284,287	1,943,230,188
Less : Provision for doubtful trade receivables	63,833	-
	2,304,220,454	1,943,230,188
Total	2,401,577,465	2,030,158,715
17: Cash and cash equivalents		
Cheques, drafts on hand	-	10,000
Balances with banks		
In current accounts	64,763,207	83,944,511
In EEFC accounts	5,189,670	16,837,455
In demand deposit accounts	-	120,000,000
In earmarked accounts		
Balance held as margin money or security against borrowings	559,086,365	79,209,383
Total	629,039,242	300,001,349
The balance that meet the definition of Cash and cash equivalents as per AS-3 Cash flow Statement is ₹ 69,952,877/- (As at 31.03.2015 is ₹ 220,791,966/-)		
18: Short-term loans and advances		
Unsecured, considered good		
Security deposits	2,631,725	200,000
Other deposits	3,842,814	6,600,802
Loans and advances to employees	426,364	189,509
Prepaid expenses	1,757,406	1,784,268
Gratuity (Refer Note 32)	2,914,668	-
Balances with government authorities		
Receivable from service tax authority	10,506,823	10,982,527
VAT credit receivable	26,104,859	25,116,126
Service tax credit receivable	194,672,196	229,432,471
	231,283,878	265,531,124
Other recoverables	3,387,315	229,852
Total	246,244,170	274,535,555
19: Other current assets		
Unbilled revenue	9,869,819	9,244,778
Interest accrued but not due on fixed deposits/margin money	43,150,186	6,910,642
Unrealized gain on forward contracts	14,048,216	17,748,634
Total	67,068,221	33,904,054



₹

	Year ended 31.03.2016	Year ended 31.03.2015
20.1: Revenue from operations		
Revenue from hardware/software product and licenses	12,306,060,501	10,706,852,885
Revenue from software services	195,091,021	221,833,420
Other operating revenues	294,646	-
Total	12,501,446,168	10,928,686,305
20.2: Other income		
Interest income from fixed deposits/margin money with banks	55,132,232	11,300,354
Dividend income from current investments	5,767,650	9,133,123
Net gain on sale of current investments	-	1,801
Net gain on foreign currency transactions and translations	28,773,474	9,612,715
Other non-operating income		
Net gain on sale of fixed assets	1,771	-
Provisions/liabilities no longer required written back	-	2,089,873
Miscellaneous income	2,569,374	4,581,299
Total	92,244,501	36,719,165
21: Changes in inventories of stock-in-trade		
Opening Stock		
Stock-in-trade - hardware/software product and licenses	73,331,244	12,078,752
	73,331,244	12,078,752
Closing Stock		
Stock-in-trade - hardware/software product and licenses	100,090,229	73,331,244
	100,090,229	73,331,244
(Increase) / decrease in inventories	(26,758,985)	(61,252,492)
22: Employee benefits expense		
Salaries, wages, bonus and allowances	122,456,596	97,991,984
Contributions to provident and other funds (Refer Note 32)	9,048,348	7,704,342
Staff welfare expenses	1,979,101	1,476,670
	133,484,045	107,172,996
Deputation cost/Service charges from holding company (Refer Note 34)	29,969,543	24,997,381
Total	163,453,588	132,170,377
23: Finance costs		
Interest expenses on:		
Borrowings	16,167,637	5,190,891
Inter corporate deposit	26,855,946	18,604,781
Others	2,698,275	340,942
Other borrowing costs	17,265,353	10,618,638
Total	62,987,211	34,755,252
24: Other expenses		
Power and fuel	1,386,298	1,003,911
Rent (Refer Note 35)	13,157,348	11,425,206
Repairs and maintenance - machinery	144,445	478,206
Insurance	8,307,584	5,009,190
Rates and taxes	5,348,409	7,379,040
Communication cost	3,332,035	3,250,877
Facility maintenance	3,866,531	3,548,593
Travelling and conveyance expenses	18,110,768	14,552,266
Sales commission	19,754,577	14,511,905
Professional and technical fees	17,212,704	11,778,128

₹

	Year ended 31.03.2016	Year ended 31.03.2015
Software project fees from holding company (Refer Note 34)	132,372,503	149,937,951
Legal fees	354,139	1,768,956
Insourcing professional fees	-	192,000
Expenditure on corporate social responsibility	2,606,315	-
Payments to auditors (Refer Note below)	2,475,000	2,020,000
Net loss on sale of fixed asset scrapped	-	2,845
Net loss on sale of current investments	41,345	-
Bad trade receivables written off	1,184,131	12,529,334
Less : Provisions released	-	12,173,912
	1,184,131	355,422
Provision for doubtful trade receivables	446,394	7,379,975
Miscellaneous expenses	25,208,142	10,649,652
	255,308,668	245,244,123
Service charges from holding company (Refer Note 34)	10,522,115	10,472,045
Total	265,830,783	255,716,168
Note - Payments to auditors comprises (net of service tax input credit):		
Statutory audit	2,300,000	1,700,000
Other services	175,000	320,000
	2,475,000	2,020,000
The Company avails input credit for service tax and hence no service tax expense was accrued		

₹

	As at 31.03.2016	As at 31.03.2015
25: Contingent liabilities		
a) Disputed demand of Karnataka Sales Tax	294,017	294,017
b) Disputed demand of Service Tax		
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
c) Disputed demands of Income-tax	3,412,186,668	3,335,057,176

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 31.03.2015 - ₹ 402,964,082) 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 (ITAT). The Income-tax department has preferred an appeal to the Honorable High Court of Mumbai.
- ₹ 101,094,655 (As at 31.03.2015 - ₹ 101,094,655) for the Financial Year 2011-12. The Company has preferred an appeal to the Commissioner of Income-tax (Appeals).
- ₹ 111,904,892 (As at 31.03.2015 - ₹ 111,904,892) for the Financial Year 2010-11. During the year, the Company has received favorable orders from the Commissioner of Income-tax (Appeals). Further the Department has preferred an appeal to the ITAT.
- ₹ Nil (As at 31.03.2015 - ₹ 91,884,882) for the Financial Year 2009-10. During the year, the Company has received favorable order from ITAT.



- v. ₹ 44,659,336 (As at 31.03.2015 - ₹ 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. The Honorable High Court of Mumbai admitted the appeal.
- vi. ₹ 159,262,831 (As at 31.03.2015 - ₹ Nil) for the Financial Year 2012-13. During the year, the Company has preferred an appeal to the Commissioner of Income-tax (Appeals).

(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 31.03.2015 - ₹ 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 31.03.2015 - ₹ 2,364,309,742) of tax demand for the Financial Year 2001-02, 2002-2003, 2006-07 and 2007-08. The Company had received a favorable orders from ITAT. The Income-tax department had preferred an appeal to the Honorable High Court of Mumbai.

₹ 9,751,543 (As at 31.03.2015 - ₹ Nil) for the Financial Year 2012-13. During the year, the Company has preferred an appeal to the Commissioner of Income-tax (Appeals).

	As at 31.03.2016	As at 31.03.2015
26: Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	8,438,508	244,960
Other commitments - purchase contracts	228,824,990	47,098,133
27: Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

28: 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 31.03.2016 (Previous year figures are in brackets).

Currency	Amount	Buy / Sell	Cross currency
USD	13,279,855	Sell	Rupees
	(14,195,868)	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 31.03.2016		As at 31.03.2015		Currency
	Receivable / (Payable) ₹	Receivable / (Payable) in Foreign Currency	Receivable / (Payable) ₹	Receivable / (Payable) in Foreign Currency	
Trade receivables	74,164,882	1,119,470	14,497,479	231,960	USD
	-	-	3,036,266	32,839	GBP
Advance from customers	(85,989)	(1,298)	(4,678,896)	(74,862)	USD
Trade payables	(326,260)	(3,416)	(315,875)	(3,416)	GBP
	(24,981,355)	(377,077)	(47,232,683)	(755,723)	USD
Advance to vendor	3,067,960	46,309	46,563	745	USD

₹

	Year ended 31.03.2016	Year ended 31.03.2015
29: Value of imports calculated on CIF basis		
Stock-in-trade - Hardware/Software product and licenses	877,212,348	3,133,888,667
30: Expenditure in foreign currency		
Travelling and conveyance expenses	389,578	395,814
Others	390,101	2,052,174
31: Earnings in foreign exchange		
Export of goods calculated on FOB basis	135,913,780	94,924,564
Export of services	32,063,264	2,035,216

32: 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 ₹ 4,501,362 (for the year ended 31.03.2015 ₹ 3,214,262) has been charged to the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 22 Employee benefits expense).



	Year ended 31.03.2016	Year ended 31.03.2015
b) During the year the Company has recognised the following amounts in the Statement of Profit and Loss Employers contribution to		
Employee's State Insurance (as part of Staff welfare expenses in Note 22 Employee benefits expense)	23,119	36,851
Superannuation (as part of Contribution to Provident Fund and other Funds in Note 22 Employee benefits expense)	2,270,197	1,735,701
National Pension Scheme (as part of Contribution to Provident Fund and other Funds in Note 22 Employee benefits expense)	224,724	119,781
ii) Defined benefit plans - Gratuity		
As per actuarial valuation		
Change in Obligation during the year		
Present value of Defined Benefit Obligation at beginning of the year	13,723,239	11,065,468
Current Service Cost	1,267,876	1,007,201
Interest Cost	1,093,742	1,037,941
Actuarial (Gains)/Losses	(250,521)	3,145,580
Benefits Paid	(522,546)	(2,532,951)
Present value of Defined Benefit Obligation at the end of the year	15,311,790	13,723,239
Change in Assets during the year		
Plan assets at the beginning of the year	12,823,267	11,924,860
Expected return on plan assets	1,022,014	1,037,462
Contributions by Employer	5,866,705	875,234
Actual benefits paid	(522,546)	(2,532,951)
Actuarial Gains/ (Losses)	(962,982)	1,518,662
Plan assets at the end of the year	18,226,458	12,823,267
Actual return on plan assets	59,032	2,556,124
Net Asset/(Liability) recognized in the Balance Sheet		
Present Value of Defined Benefit Obligation	15,311,790	13,723,239
Fair value of plan assets	18,226,458	12,823,267
Fund status (Surplus/(Deficit))	2,914,668	(899,972)
Net Assets /(Liability)	2,914,668	(899,972)
Expenses recognized in the Statement of Profit and Loss (as part of Contribution to Provident Fund and other Funds in Note 22 Employee benefits expense)		
Current Service Cost	1,267,876	1,007,201
Interest Cost	1,093,742	1,037,941
Expected return on plan assets	(1,022,014)	(1,037,462)
Net Actuarial (Gains)/Losses	712,461	1,626,918
Total Expense	2,052,065	2,634,598
The major categories of plan assets as a percentage of total plan		
Insurer Managed Funds	100%	100%
Category of funds :		
Secure Fund	26.24%	18.01%
Defensive Fund	35.03%	37.24%
Balanced Fund	38.73%	44.75%
Actuarial Assumptions:		
Discount Rate	8.36%	7.97%
Rate of return on plan assets	8.36%	7.97%
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

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.

	31.03.2016	31.03.2015	31.03.2014	31.03.2013	31.03.2012
Experience adjustments					
Present value of defined benefit obligation	15,311,790	13,723,239	11,065,468	11,911,407	10,305,612
Fair value of plan assets	18,226,458	12,823,267	11,924,860	11,438,810	10,686,206
Surplus / (deficit)	2,914,668	(899,972)	859,392	(472,597)	380,594
Experience adjustments on plan liabilities - (gain)/losses	360,775	2,485,044	(328,363)	620,425	4,444,030
Experience adjustments on plan assets - (losses)/gain	(962,982)	1,518,662	(38,653)	(129,426)	(4,130,842)

33: 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 disclosures for business /geographical segments, as envisaged in AS 17 are not applicable to the Company.

34: Related party disclosure

i) Details of related parties:

Description of relationship

(a) Holding Company

(b) Key Management Personnel (KMP)

Names of related parties

Sonata Software Limited

Mr. P Srikar Reddy, Director

Mr. Sujit Mohanty, Vice President & Director

ii) Transactions with related parties:

	Holding Company		KMP	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Revenue from Software product and licenses	32,216,326	19,122,078	-	-
Deputation cost / Service charges / Software project fees	172,864,161	185,407,377	-	-
Rent paid	3,587,411	3,472,200	-	-
Inter corporate deposit taken	5,137,000,000	3,603,500,000	-	-
Inter corporate deposit repaid	5,117,500,000	3,603,500,000	-	-
Interest on inter corporate deposit	26,855,946	18,604,780	-	-
Reimbursement of expenses	8,691,643	6,865,947	-	-
Dividend paid	67,507,880	57,381,698	-	-
Corporate guarantees taken	331,250,000	625,000,000	-	-
Commission on corporate guarantees	3,929,427	-	-	-
Remuneration - Mr. Sujit Mohanty, Vice President & Director	-	-	7,934,797	7,466,701
Balances outstanding at the end of the year				
Trade payables / Other current liabilities	33,383,305	1,491,658	-	-
Remuneration payable	-	-	2,500,000	2,000,000
Inter corporate deposit payable	19,500,000	-	-	-
Corporate guarantees taken	1,043,750,000	675,000,000	-	-

**35: 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 : (₹)

	31.03.2016	31.03.2015
Not later than one year	3,519,456	2,472,048
Later than one year and not later than 5 years	5,048,880	2,427,744
Later than 5 years	-	-

(₹)

	31.03.2016	31.03.2015
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iii. The lease payments recognised in the Statement of Profit and Loss are as under:

included in Rent (Refer Note 24)	13,157,348	11,425,206
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iv. There are no rents which are contingent in nature.

36: Earnings Per Share

(₹)

Particulars	31.03.2016	31.03.2015
Profit attributable to equity shareholders (₹)	339,110,884	253,049,904
Weighted average number of Equity Shares of ₹ 10/- each	3,375,394	3,375,394
Earnings Per Share - Basic and Diluted (₹)	100.47	74.97

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
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RADHIKA RAJAN Director	B K SYNGAL Director
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Place : Mumbai

Date : 23rd May 2016

PRIYA MANOJ JASWANI
Company Secretary

NOTICE OF ANNUAL GENERAL MEETING



SONATA SOFTWARE LIMITED

(CIN No. L72200MH1994PLC082110)

Registered Office: 208, T.V. Industrial Estate, 2nd Floor, S. K. Ahire Marg, Worli, Mumbai – 400 030**Corporate Office:** 1/4, APS Trust Building, Bull Temple Road, N. R. Colony, Bengaluru – 560 019• **Tel:** 91-80-67781999 • **Fax:** 91-80-26610972 • **E-mail:** info@sonata-software.com• **Website:** www.sonata-software.com

NOTICE is hereby given that the Twenty-First Annual General Meeting (AGM) of the Members of SONATA SOFTWARE LIMITED will be held on Monday, 8th August, 2016 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:

- To receive, consider, approve and adopt the following:
 - the Audited Financial Statements of the Company for the Financial Year ended 31st March, 2016 together with the Reports of the Directors and Auditors thereon; and
 - the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st March, 2016 together with the Report of the Auditors thereon.
- To confirm the payment of First interim dividend of 350% and Second interim dividend of 550% (aggregating to ₹ 9/- per equity share of ₹1/- each and already paid), for the Financial Year 2015-16.
- To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

“RESOLVED not to fill the vacancy for the time being in the Board, caused by retirement of Mr. M D Dalal (DIN: 00005275), Director of the Company, who retires by rotation at this Annual General Meeting and does not seek re-appointment.”
- To consider and, if thought fit, to pass, with or without modification(s), the following as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139, 142 and such other applicable provisions of the Companies Act, 2013 and relevant Rules thereunder, as amended from time to time, pursuant to recommendation of the Audit Committee and that of the Board of Directors and pursuant to the approval of the members at the Nineteenth AGM of the Company held on 11th August, 2014, the consent of the members of the Company be and is hereby accorded to ratify the appointment of M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm Registration No. 008072S), as Statutory Auditors of the Company to hold office from the

conclusion of Twenty-First AGM till the conclusion of the Twenty-Second AGM at a remuneration to be decided by the Board of Directors or Committee of the Board in consultation with the Auditors of the Company”.

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 : 30th June, 2016**Place :** Mumbai

Priya Manoj Jaswani
Company Secretary

NOTES:

- 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 and a proxy need not be a member of the Company.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than 10 per cent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.
- Proxies, in order to be effective, must be duly filled, stamped and signed and must reach the Company's Registered Office not less than 48 hours before the commencement of the Meeting. Proxies submitted on behalf of companies, societies etc. must be supported by an appropriate resolution/letter of authority, as may be applicable.
- 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.
- Members holding shares in physical form are requested to forward all applications for transfers and all other shares related correspondence (including intimation for change in



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, Telangana - 500 032. P: +91 40 67161591. Members holding shares in electronic form are requested to notify change in their address to their Depository Participant.

5. 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.
6. The Securities and Exchange Board of India (SEBI) has mandated the submission of the Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, therefore requested to submit their PAN to their Depository Participant (s). Members holding shares in physical form are requested to submit their PAN details to the Company's share transfer agents M/s. Karvy Computershare Pvt Ltd, Unit : Sonata Software Ltd, Karvy Selenium Tower B, Plot No.31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana - 500 032.
7. 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.
8. 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.
9. 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.
10. Electronic copy of the Annual Report for Financial Year 2015-16, the Notice of the 21st AGM and instructions for e-voting, along with Attendance slip and proxy form are being sent to all the Members whose email IDs are registered with the Company/Depository Participants for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report is being sent in the permitted mode. Members may please note that Notice of 21st AGM and Annual Report will be available on the Company's website – www.sonata-software.com.

The physical copies of the aforesaid documents will also be

available at the Company's Registered office for inspection during normal business hours on working days up to the date of the AGM.

11. Members/proxies are requested to bring their attendance slips duly filled in and their copy of the Annual Report for the Meeting.
12. The Members, who have not cast their vote through remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM venue. The detailed instructions for availing e-voting facility are provided in **Annexure I**.
13. Members who have already cast their votes by remote e-voting are eligible to attend the Meeting; however those members are not entitled to cast their vote again in the Meeting.
14. Attendance Registration/Web Check-in:
 - a. Members are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall.
 - b. Alternatively, to facilitate hassle free and quick registration/entry at the venue of the AGM, the Company has provided a Web-Check in facility, which would help the shareholder enter the AGM hall without going through the registration formalities at the registration counters.
 - c. The online registration facility will be available from 9.00 a.m. (IST) on Friday, 5th August, 2016 upto 5.00 p.m. (IST) on Sunday, 7th August, 2016 (i.e. during the e-voting period)

The Procedure of Web Check-in is as follows:

- a. Log on to <https://karisma.karvy.com> and click on "Web Checkin for General Meetings (AGM/EGM/CCM)".
- b. Select the name of the company: Sonata Software Limited
- c. Pass through the security credentials viz., DP ID/Client ID/Folio no. entry, PAN No & "CAPTCHA" as directed by the system and click on the submit button.
- d. The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.
- e. The attendance slip in PDF format will appear on the screen. Select the "PRINT" option for direct printing or download and save for printing.
- f. The Members are requested to carry their valid photo identity proof such as PAN card, Passport, AADHAR card or driving license along with the above printed attendance slip for verification purpose to enter the AGM hall.

ANNEXURE I TO THE NOTICE

Instructions and other information relating to remote e-voting

In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).

The Company has appointed Mr. Sriram Parthasarathy, 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 1st August, 2016 being the Cut-off date for the purpose. Shareholders of the Company holding shares either in physical or in dematerialized form, as on the Cut-off date, may cast their vote electronically.

The instructions for e-voting are as under:

1. A. In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:

- a) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- b) Enter the login credentials (i.e. User ID and password mentioned in the email). In case of physical folio, User ID will be EVEN (E-Voting Event Number) followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
- c) After entering these details appropriately, click on "LOGIN".
- d) If you are logging in for the first time, you will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- e) You need to login again with the new credentials.
- f) On successful login, the system will prompt you to select the E-voting Event Number for Sonata Software Limited.
- g) On the voting page enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- h) Members holding shares under multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- i) Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- j) You may then cast your vote by selecting an appropriate option and click on "Submit".
- k) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- l) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email srirampcs@gmail.com. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_Event No."

B. In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:

- a) Launch internet browser by typing the URL: <https://evoting.karvy.com>.
- b) Enter the login credentials (i.e. User ID and password mentioned in the electronic voting form)
- c) Please follow all steps from Sl. No. (c) to (l) above to cast your vote by electronic means.

2. The Portal will remain open for voting from 09:00 a.m. (IST) on Friday, 5th August, 2016 upto 5.00 p.m. (IST) on Sunday, 7th August, 2016.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com> or contact Mr. Anandan K. of Karvy Computershare Pvt Ltd. at 040 - 6716 1591 or at 1800 345 4001 (toll free).
4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
5. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for e-voting i.e., 1st August, 2016, he/she may obtain the User ID and password in the manner as mentioned below :
 - i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: MYEPWD <space> E-voting Event Number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL:

MYEPWD <SPACE> IN12345612345678

Example for CDSL:

MYEPWD <SPACE> 1402345612345678

Example for Physical:

MYEPWD <SPACE> XXXX1234567890
 - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - iii. Member may call Karvy's toll free number 1800-3454-001.
 - iv. Member may send an e-mail request to evoting@karvy.com.
6. The Scrutinizers decision on validity of the votes shall be final and binding.
7. The Scrutinizer after scrutinising the votes cast through remote e-voting and poll at the meeting, not later than 48 hours from the conclusion of the AGM, shall make a scrutinizer's report and submit the same to the Chairman or any authorised person who shall countersign the same.
8. The results of resolutions will be announced by the Company in its website www.sonata-software.com and on the website of Karvy <https://evoting.karvy.com>. The results shall also be informed to the Stock Exchanges.

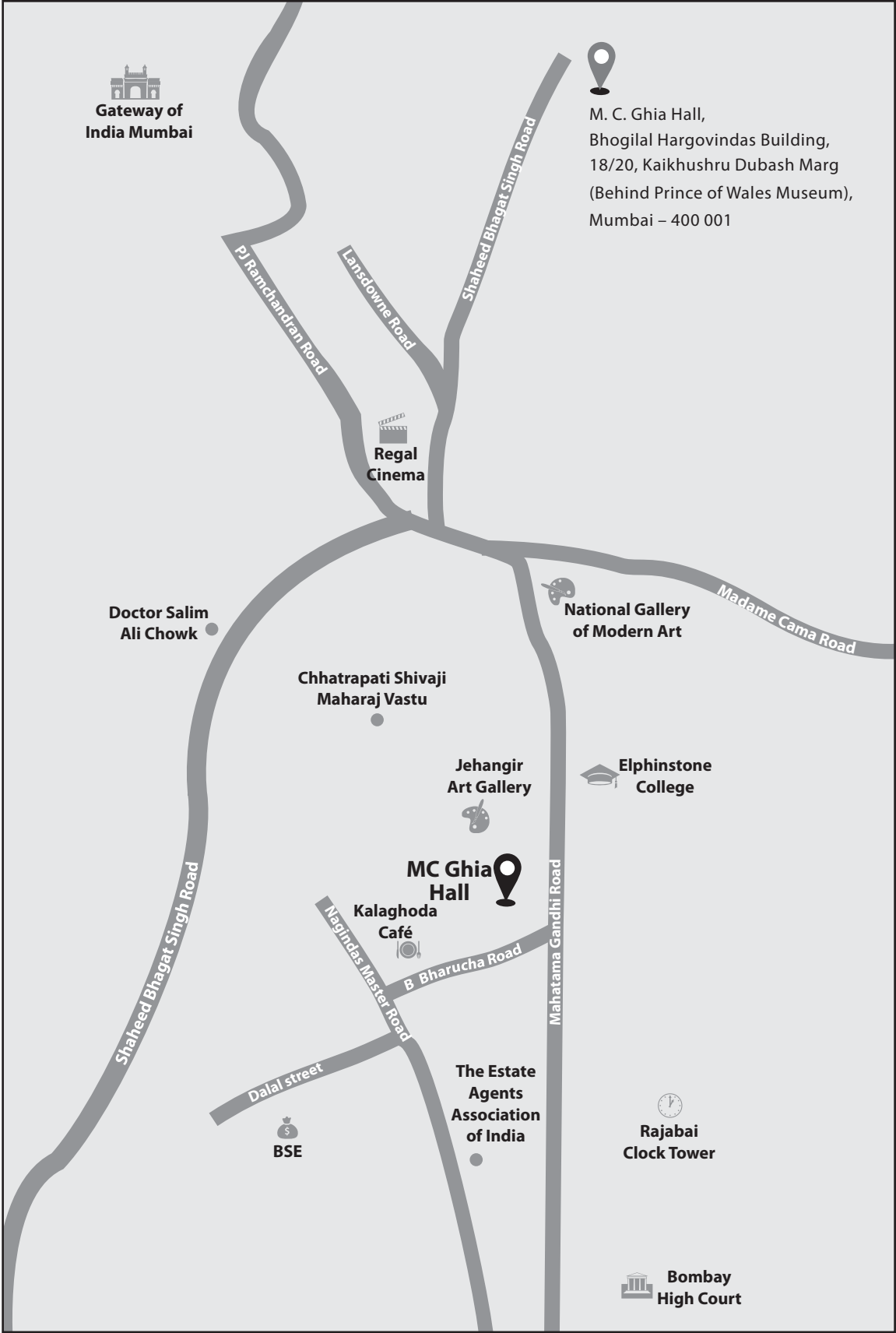
Registered Office:
208, T.V. Industrial Estate
2nd Floor, S.K. Ahire Marg,
Worli Mumbai – 400 030

By Order of the Board
For SONATA SOFTWARE LTD

Date : 30th June, 2016
Place : Mumbai

Priya Manoj Jaswani
Company Secretary

Route map to the venue of the AGM



Not to scale

SONATA SOFTWARE LIMITED

(CIN No. L72200MH1994PLC082110)

Registered Office: 208, T. V. Industrial Estate, 2nd Floor, S. K. Ahire Marg, Worli, Mumbai – 400 030

Corporate Office: 1/4, APS Trust Building, Bull Temple Road, N. R. Colony, Bengaluru – 560 019

• **Tel:** 91-80-67781999 • **Fax:** 91-80-26610972 • **E-mail:** info@sonata-software.com

• **Website:** www.sonata-software.com

ATTENDANCE SLIP

Reg. Folio No. / DP ID No/ Client ID No:

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the TWENTY FIRST ANNUAL GENERAL MEETING of the Company on 8th day of August, 2016 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.

SONATA SOFTWARE LIMITED

(CIN No. L72200MH1994PLC082110)

Registered Office: 208, T. V. Industrial Estate, 2nd Floor, S. K. Ahire Marg, Worli, Mumbai – 400 030

Corporate Office: 1/4, APS Trust Building, Bull Temple Road, N. R. Colony, Bengaluru – 560 019

• **Tel:** 91-80-67781999 • **Fax:** 91-80-26610972 • **E-mail:** info@sonata-software.com

• **Website:** www.sonata-software.com

Form No. MGT-11

PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014)

.....

Name of the Member (s) :

Registered address :

E-mail Id :

Folio No./Client Id :

DP ID :

I/We, being the member(s) of shares of the above named company, hereby appoint

1 Name :

Address :

Email ID :

Signature :

or failing him/her;

2 Name :

Address :

Email ID :

Signature :

or failing him/her;

3 Name :

Address :

Email ID :

Signature :

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twenty-First Annual General Meeting of the Company, to be held on the 8th August, 2016 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		
		For	Against	Abstain
Ordinary Business				
1	Adoption of Financial Statements for the Financial Year 2015-16 (Including the Consolidated Financial Statements).			
2	Confirmation of the payment of First interim dividend of 350% and Second interim dividend of 550% (aggregating to ₹ 9/- per equity share of ₹ 1/- each and already paid) for the Financial Year 2015-16.			
3	Resolve not to fill the vacancy for the time being in the Board, caused by the retirement of Mr. M D Dalal, who retires by rotation and does not seek re-appointment.			
4	Ratification of appointment of Statutory Auditors and fixing their remuneration.			

Signed this day of 2016

Signature of shareholder:

Signature of proxy holder(s):



Note: This form of proxy in order to be effective should be duly completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



SONATA



SONATA SOFTWARE

SONATA SOFTWARE LIMITED

1/4, APS Trust Building,
Bull Temple Road, N. R. Colony,
Bengaluru – 560 019 India

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(CIN No. L72200MH1994PLC082110)