



## SONATA SOFTWARE LIMITED

**Dear Shareholders,**

Trust you and your loved ones are safe and keeping well.

We are pleased to share with you the quarterly report for Q1 of FY 2021-22.

Our overall strategy of building digital enterprises by creating platforms through our unique Platformation™ methodology has proven more relevant in the current context with greater reliance and investments by enterprises in digitization and automation. Our investments to create a stronger organization in the quality of clients, relationships, and internal investments, in creating world class competencies aligned to Platformation™ across platform engineering, cloud transformation, data analytics and Microsoft Dynamics, have created the required market impact. We see the demand situation being extremely satisfactory with growth in existing accounts and new deal pipeline. In view of super high demand for talent, we have a comprehensive talent plan in place for digital focused skills, for talent retention, creating talent in advance and expanding our delivery centres with near shore delivery centres for US and Europe. Our acquisition of Encore is promising as it gives us access to fast the growing health care provider segment and expanding our cloud footprint apart from a new delivery location in Chennai.

With continued clear visibility and business opportunity, we stay focused now on investing for long term growth, in talent acquisition and transformation, IP and competency development.

With Best Wishes,

**P Srikar Reddy**  
Managing Director & CEO

**Jagannathan C N**  
Chief Financial Officer



## Quarterly Report to Shareholders – Q1 FY 2021-22

### Key Financial Highlights:

Quarter Ended June 30, 2021

#### International Services:

- Revenue at USD 44.5 million (growth of 1.5% q-o-q / growth of 21.9% y-o-y)
- Revenue at INR 323.9 Crore (growth of 1.5% q-o-q / growth of 17.5% y-o-y)
- Net Profit at INR 63.7 Crore (growth of 18.6% q-o-q / growth of 66.4% y-o-y)

#### Domestic Business:

- Revenue at INR 946.2 Crore (growth of 24.3% q-o-q / growth of 39.0% y-o-y)
- Net Profit at INR 23 Crore (growth of 1.8% q-o-q / growth of 97.8% y-o-y)

#### Consolidated:

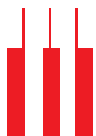
- Revenue at INR 1,268.5 Crore (growth of 17.9% q-o-q / growth of 33.2% y-o-y)
- Net Profit at INR 86.7 Crore (growth of 4.4% q-o-q / growth of 73.8% y-o-y)

#### Other Highlights:

- 177 active clients as of June 30, 2021
- 13 new clients added during the quarter

#### People:

- 4,250 Sonatians as of June 30, 2021



### Key Financial Metrics & Ratios

| International Business |           |           |           |       |       |
|------------------------|-----------|-----------|-----------|-------|-------|
| (₹ Crore)              | Q1 FY2022 | Q4 FY2021 | Q1 FY2021 | Q-o-Q | Y-o-Y |
| Revenue                | 323.9     | 319.0     | 275.8     | 1.5%  | 17.5% |
| EBITDA                 | 97.1      | 90.5      | 64.7      | 7.3%  | 50.1% |
| Net Profit             | 63.7      | 60.5      | 38.3      | 5.4%  | 66.4% |

| Key Ratios             | Q1 FY2022 | Q4 FY2021 | Q1 FY2021 |
|------------------------|-----------|-----------|-----------|
| EBITDA Margin (%)      | 30.0%     | 28.4%     | 23.5%     |
| Effective Tax Rate (%) | 25.0%     | 23.2%     | 26.1%     |
| Net Profit Margin (%)  | 19.7%     | 19.0%     | 13.9%     |
| ROCE (%)               | 36.9%     | 36.3%     | 29.0%     |
| DSO (Days)             | 37        | 36        | 57        |

| Domestic Business |           |           |           |       |       |
|-------------------|-----------|-----------|-----------|-------|-------|
| (₹ Crore)         | Q1 FY2022 | Q4 FY2021 | Q1 FY2021 | Q-o-Q | Y-o-Y |
| Revenue           | 946.2     | 761.0     | 681.3     | 24.3% | 38.9% |
| EBITDA            | 32.4      | 31.8      | 16.9      | 1.9%  | 92.1% |
| Net Profit        | 23.0      | 22.6      | 11.6      | 1.8%  | 97.8% |

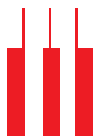
| Key Ratios             | Q1 FY2022 | Q4 FY2021 | Q1 FY2021 |
|------------------------|-----------|-----------|-----------|
| EBITDA Margin (%)      | 3.4%      | 4.2%      | 2.5%      |
| Effective Tax Rate (%) | 25.3%     | 25.5%     | 26.3%     |
| Net Profit Margin (%)  | 2.4%      | 3.0%      | 1.7%      |
| ROCE (%)               | 32.0%     | 32.5%     | 23.0%     |
| DSO (Days)             | 39        | 49        | 59        |

| Consolidated       |           |           |           |       |       |
|--------------------|-----------|-----------|-----------|-------|-------|
| (₹ Crore)          | Q1 FY2022 | Q4 FY2021 | Q1 FY2021 | Q-o-Q | Y-o-Y |
| Revenue            | 1268.5    | 1075.7    | 952.4     | 17.9% | 33.2% |
| EBITDA             | 129.1     | 122.0     | 81.2      | 5.8%  | 59.0% |
| Net Profit         | 86.7      | 83.1      | 49.9      | 4.4%  | 73.8% |
| Diluted EPS (Rs.)* | 8.3       | 8.0       | 4.8       | 4.4%  | 73.8% |

| Key Ratios             | Q1 FY2022 | Q4 FY2021 | Q1 FY2021 |
|------------------------|-----------|-----------|-----------|
| EBITDA Margin (%)      | 10.2%     | 11.3%     | 8.5%      |
| Effective Tax Rate (%) | 24.5%     | 23.8%     | 26.1%     |
| Net Profit Margin (%)  | 6.8%      | 7.7%      | 5.2%      |
| ROCE (%)               | 36.0%     | 35.2%     | 33.5%     |
| DSO (Days)             | 38        | 43        | 58        |

Note:

\*EPS is not annualized



| ₹ in lakhs, except per share data  |  |                |                               |               |                |
|--|--|----------------|-------------------------------|---------------|----------------|
| <b>Extract of unaudited consolidated financial results for the quarter ended June 30, 2021</b> |  |                |                               |               |                |
| Sl No.   | Particulars  | Quarter ended  |                               |               | Year ended     |
|  |  | June 30, 2021  | March 31, 2021                | June 30, 2020 | March 31, 2021 |
|  |  | (Unaudited)    | (Unaudited)<br>(Refer Note 9) | (Unaudited)   | (Audited)      |
| 1  | Revenue from operations  | 126,854        | 107,571                       | 95,244        | 422,808        |
| 2  | Other income   | 2,815          | 1,892                         | 313           | 2,775          |
| <b>3</b>   | <b>Total Revenue (1 + 2)</b>   | <b>129,669</b> | <b>109,463</b>                | <b>95,557</b> | <b>425,583</b> |
| <b>4</b>   | <b>Expenses</b>  |                |                               |               |                |
|  | (a) Purchases of Stock-in-Trade  | 93,461         | 74,337                        | 66,541        | 299,158        |
|  | (b) Employee benefits expense  | 16,775         | 16,800                        | 14,311        | 62,548         |
|  | (c) Finance costs  | 442            | 355                           | 343           | 1,539          |
|  | (d) Depreciation and amortization expense  | 989            | 938                           | 1,021         | 3,957          |
|  | (e) Other expenses   | 6,520          | 6,126                         | 6,584         | 23,167         |
|  | <b>Total expenses</b>  | <b>118,187</b> | <b>98,556</b>                 | <b>88,800</b> | <b>390,369</b> |
| <b>5</b>   | <b>Profit before tax (3 - 4)</b>   | <b>11,482</b>  | <b>10,907</b>                 | <b>6,757</b>  | <b>35,214</b>  |
| <b>6</b>   | <b>Tax expense</b>   |                |                               |               |                |
|  | (1) Current tax  | 3,131          | 2,606                         | 2,751         | 10,203         |
|  | (2) Provision/reversal for tax relating to prior years   | -              | (83)                          | -             | 2,099          |
|  | (3) Deferred tax   | (322)          | 78                            | (986)         | (1,484)        |
| <b>7</b>   | <b>Profit for the period (5 - 6)</b>   | <b>8,673</b>   | <b>8,306</b>                  | <b>4,992</b>  | <b>24,396</b>  |
| <b>8</b>   | <b>Other comprehensive income</b>  |                |                               |               |                |
|  | 1 (a) Items that will not be reclassified to profit or (loss)  | (526)          | (985)                         | 317           | (69)           |
|  | (b) Income tax relating to items that will not be reclassified to profit or (loss)                                   | 129            | 245                           | (84)          | 17             |
|  | 2 Items that will be reclassified to profit or (loss)  |                |                               |               |                |
|  | (a) Exchange differences in translating the financial statements of foreign operations and on goodwill reinstatement | 112            | 216                           | (1,220)       | 1,040          |
|  | (b) Exchange differences on forward cover  | (153)          | (450)                         | 868           | 3,535          |
|  | (c) Income tax relating to Items that will be reclassified to profit or (loss)                                       | 10             | 60                            | 94            | (1,134)        |
|  | <b>Total</b>   | <b>(428)</b>   | <b>(914)</b>                  | <b>(25)</b>   | <b>3,389</b>   |
| <b>9</b>   | <b>Total Comprehensive Income for the period (7 + 8)</b>   | <b>8,245</b>   | <b>7,392</b>                  | <b>4,967</b>  | <b>27,785</b>  |
| <b>10</b>  | <b>Paid-up equity share capital (Face Value ₹ 1/-)</b>   | <b>1,039</b>   | <b>1,039</b>                  | <b>1,039</b>  | <b>1,039</b>   |
| <b>11</b>  | <b>Other equity</b>  | <b>89,508</b>  | <b>89,508</b>                 | <b>65,928</b> | <b>89,508</b>  |
| <b>12</b>  | <b>Earnings per equity share (of ₹ 1/- each)</b>   |                |                               |               |                |
|  | (a) Basic  | 8.35           | 7.99                          | 4.80          | 23.48          |
|  | (b) Diluted  | 8.34           | 7.99                          | 4.80          | 23.48          |



**Note:** This report is for information purposes. Green Initiative is an effort of the Government of India which aims at reducing paper consumption thereby contributing to a greener environment. In harmony with that we are circulating this over email to shareholders who have updated their e-mail addresses with the Depository Participant.

You are requested to update/intimate the email address (E-mail ID) and any change in the email address with the Depository Participant.

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