



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 Q3 of FY 2020-21.

The results for the quarter reflect all round growth across different segments of the business, growth especially in the digital business resulting in highly profitable growth. This is a clear indication that our overall strategy of building digital enterprises by creating platforms through our unique Platformation™ methodology is more relevant in the current context with greater reliance and investments by enterprises in digitization and automation. We have become a much 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. Specifically, we would like to mention the GBW investment made which is focused on delivering platform based CX (customer experience) is holding premise and differentiation to our digital offering.

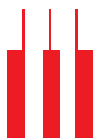
With clear visibility and business opportunity in the immediate future, we are focused now on investing for long term growth, in talent acquisition and transformation, IP and competency development.

The company also announced compensation revision effective January 1st, 2021.

With Best Wishes,

P Srikar Reddy
Managing Director & CEO

Jagannathan C N
Chief Financial Officer



Quarterly Report to Shareholders – Q3 FY 2020-21

Key Financial Highlights:

Quarter Ended December 31, 2020

International Services:

- Revenue at USD 41.0 million (growth of 5.0% q-o-q / decline of 12.4% y-o-y)
- Revenue at INR 300.9 Crore (growth of 4.4% q-o-q / decline of 8.8% y-o-y)
- Net Profit before VsVs* at INR 57.0 Crore (growth of 30.9% q-o-q / decline of 1.3% y-o-y)
- Net Profit after VsVs* at INR 41.4 Crore (decline of 4.9% q-o-q / decline of 28.3% y-o-y)

Domestic Business:

- Revenue at INR 1099.4 Crore (growth of 110.0% q-o-q / growth of 20.5% y-o-y)
- Net Profit before VsVs* at INR 18.6 Crore (growth of 36.4% q-o-q / growth of 2.8% y-o-y)
- Net Profit after VsVs* at INR 12.4 Crore (decline of 9.2% q-o-q / decline of 31.6% y-o-y)

Consolidated:

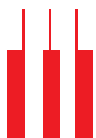
- Revenue at INR 1396.2 Crore (growth of 73.7% q-o-q / growth of 12.9% y-o-y)
- Net Profit before VsVs* at INR 75.6 Crore (growth of 32.2% q-o-q / decline of 0.3% y-o-y)
- Net Profit after VsVs* at INR 53.8 Crore (decline of 5.9% q-o-q / decline of 29.1% y-o-y)

Other Highlights:

- 154 active clients as of Dec 31,2020
- 8 new clients added during the quarter

People:

- 3997 Sonata headcount as of Dec 31,2020



Key Financial Metrics & Ratios

International Business					
(₹ Crore)	Q3 FY2021	Q2 FY2021	Q3 FY2020	Q-o-Q	Y-o-Y
Revenue	300.9	288.1	329.8	4.4%	-8.8%
EBITDA	87.1	70.4	91.6	23.7%	-4.9%
Net Profit (Before VsVs)*	57.0	43.6	57.8	30.9%	-1.3%
Net Profit (After VsVs)*	41.4	43.6	57.8	-4.9%	-28.3%

Key Ratios	Q3 FY2021	Q2 FY2021	Q3 FY2020
EBITDA Margin (%)	29.0%	24.4%	27.8%
Effective Tax Rate (%)**	23.5%	24.4%	27.8%
Net Profit Margin (%)	19.0%	15.1%	17.5%
ROCE (%)***	35.0%	29.0%	42.0%
DSO (Days)	36	47	42

Domestic Business					
(₹ Crore)	Q3 FY2021	Q2 FY2021	Q3 FY2020	Q-o-Q	Y-o-Y
Revenue	1099.4	523.5	912.0	110.0%	20.5%
EBITDA	27.3	19.6	27.0	39.3%	1.2%
Net Profit (Before VsVs)*	18.6	13.6	18.1	36.4%	2.8%
Net Profit (After VsVs)*	12.4	13.6	18.1	-9.2%	-31.6%

Key Ratios	Q3 FY2021	Q2 FY2021	Q3 FY2020
EBITDA Margin (%)	2.5%	3.7%	3.0%
Effective Tax Rate (%)**	26.5%	25.3%	27.2%
Net Profit Margin (%)	1.7%	2.6%	2.0%
ROCE (%)***	28.0%	23.0%	33.0%
DSO (Days)	57	63	47

Consolidated					
(₹ Crore)	Q3 FY2021	Q2 FY2021	Q3 FY2020	Q-o-Q	Y-o-Y
Revenue	1396.2	803.8	1236.9	73.7%	12.9%
EBITDA	114.2	89.7	118.3	27.3%	-3.5%
Net Profit (Before VsVs)*	75.6	57.2	75.9	32.2%	-0.3%
Net Profit (After VsVs)*	53.8	57.2	75.9	-5.9%	-29.1%
Diluted EPS****	5.2	5.5	7.3	-5.9%	-29.1%



Key Ratios	Q3 FY2021	Q2 FY2021	Q3 FY2020
EBITDA Margin (%)	8.2%	11.2%	9.6%
Effective Tax Rate (%)**	24.1%	24.6%	27.6%
Net Profit Margin (%)	5.4%	7.1%	6.1%
ROCE (%)***	33.2%	27.3%	39.3%
DSO (Days)	47	55	45

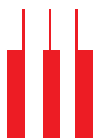
Note:

* During the quarter provision for income tax settlement under Vivad se Vishwas Scheme (“VsVs”) is made ₹ 15.6 Crores for International IT Services (Sonata Software Limited), ₹ 6.2 Crores for Domestic Products & Services (Sonata Information Technology Limited) and ₹ 21.8 Crores for Consolidation financials. Consequently, contingent liability (based on the original demand as per order) has been reduced by ₹ 33.7 Crores for International IT Services (Sonata Software Limited), ₹ 15.3 Crores for Domestic Products & Services (Sonata Information Technology Limited) and ₹ 49 Crores for Consolidation financials.

** Effective Tax Rate (%) is calculated excluding VsVs provision

***Vivad se vishwas provisions normalized for calculation of ROCE for Q3'21

****EPS is not annualized



₹ in lakhs, except per share data

Extract of unaudited consolidated financial results for the quarter and nine months ended December 31, 2020

Sl No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2020	September 30, 2020	December 31, 2019	December 31, 2020	December 31, 2019	March 31, 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations	139,616	80,377	123,688	315,237	281,458	374,326
2	Other income	325	244	859	882	4,621	5,840
3	Total Revenue (1 + 2)	139,941	80,621	124,547	316,119	286,079	380,166
4	Expenses						
	(a) Purchases of Stock-in-Trade	107,549	50,731	89,037	224,821	182,684	241,579
	(b) Employee benefits expense	16,516	14,922	16,697	45,749	49,019	66,031
	(c) Finance costs	462	378	430	1,183	1,164	1,518
	(d) Depreciation and amortization expense	992	1,005	913	3,019	2,729	3,654
	(e) Other expenses	4,459	5,996	6,987	17,040	20,775	29,435
	Total expenses	129,978	73,032	114,064	291,812	256,371	342,217
5	Profit before tax (3 - 4)	9,963	7,589	10,483	24,307	29,708	37,949
6	Tax expense						
	(1) Current tax	2,292	2,553	2,763	7,596	8,422	10,603
	(2) Provision for tax relating to prior years	2,183	-	-	2,183	-	-
	(3) Deferred tax	109	(684)	134	(1,562)	(230)	(347)
7	Profit for the period (5 - 6)	5,379	5,720	7,586	16,090	21,516	27,693
8	Other comprehensive income						
	1 (a) Items that will not be reclassified to profit or (loss)	295	303	(42)	917	(191)	(865)
	(b) Income tax relating to items that will not be reclassified to profit or (loss)	(70)	(73)	10	(228)	53	232
	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	724	1,320	824	824	395	323
	(b) Exchange differences on forward cover	739	2,378	(965)	3,985	(2,095)	(3,511)
	(c) Income tax relating to Items that will be reclassified to profit or (loss)	(346)	(942)	46	(1,194)	471	854
	Total	1,342	2,986	(127)	4,304	(1,367)	(2,967)
9	Total Comprehensive Income for the period (7+ 8)	6,721	8,706	7,459	20,394	20,149	24,726
10	Paid-up equity share capital (Face Value ₹ 1/-)	1,039	1,039	1,039	1,039	1,039	1,039
11	Other equity	65,928	65,928	75,787	65,928	75,787	65,928
12	Earnings per equity share (of ₹ 1/- each)						
	(a) Basic	5.18	5.50	7.30	15.48	20.70	26.66
	(b) Diluted	5.18	5.50	7.30	15.48	20.70	26.66



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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