



## 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 2022-23.

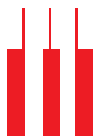
We are excited to report another quarter of strong financial performance, with industry leading QoQ revenue growth of 6.3% in INR terms (4.8% in USD terms) in the international business, and strong ROCE of 42% in the Domestic business. Our modernisation driven solutions enabled four large deal wins with Enterprise Clients in the quarter. Sonata was accorded “Microsoft Cloud Solution Provider” status in recognition of our engineering expertise on Cloud and Data modernisation. We received the coveted “Golden Peacock Award for excellence in Corporate Governance.”

Our domestic products and services division had an outstanding quarter significant increase in gross Contribution. We are seeing the positive results of our focus on multi-year annuity enterprise sales and will continue to prioritize enterprise clients in order to drive further growth.

With Best Wishes,

**Samir Dhir**  
Whole Time Director & CEO  
DIN: 03021413

**Jagannathan C N**  
Chief Financial Officer



## Quarterly Report to Shareholders – Q3 FY 2022-23

### Key Financial Highlights:

Quarter Ended December 31, 2022

#### International Services:

- Revenue at USD 60.5 million (growth of 5% q-o-q / growth of 13% y-o-y)
- Revenue at INR 489.6 Crore (growth of 6% q-o-q / growth of 24% y-o-y)
- Net Profit at INR 81.3 Crore (growth of 3% q-o-q / growth of 14% y-o-y)

#### Domestic Business:

- Revenue at INR 1,773.60 Crore (growth of 71% q-o-q / growth of 21% y-o-y)
- Net Profit at INR 36.3 Crore (growth of 6% q-o-q / growth of 38% y-o-y)

#### Consolidated:

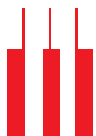
- Revenue at INR 2,260.8.0 Crore (growth of 51% q-o-q / growth of 22% y-o-y)
- Net Profit at INR 117.6 Crore (growth of 4% q-o-q / growth of 20% y-o-y)

#### Other Highlights:

- 279 active clients as of December 31,2022
- 20 new clients added during the quarter

#### People:

- 5,786 Sonatians as of December 31,2022



### Key Financial Metrics & Ratios

International Business					
(₹ Crore)	Q3 FY2023	Q2 FY2023	Q3 FY2022	Q-o-Q	Y-o-Y
Revenue	489.6	460.4	395.2	6.3%	23.9%
EBITDA	123.2	119.3	110.5	3.2%	11.5%
Net Profit	81.3	78.6	71.2	3.5%	14.2%

Key Ratios	Q3 FY2023	Q2 FY2023	Q3 FY2022
EBITDA Margin (%)	25.2%	25.9%	28.0%
Effective Tax Rate (%)	23.9%	23.6%	24.4%
Net Profit Margin (%)	16.6%	17.1%	18.0%
ROCE (%)	37.0%	39.0%	39.0%
DSO (Days)	45	46	43

Domestic Business					
(₹ Crore)	Q3 FY2023	Q2 FY2023	Q3 FY2022	Q-o-Q	Y-o-Y
Revenue	1773.60	1040.1	1463.9	70.5%	21.1%
EBITDA	51.7	47.1	36.9	9.8%	40.3%
Net Profit	36.3	34.1	26.4	6.5%	37.4%

Key Ratios	Q3 FY2023	Q2 FY2023	Q3 FY2022
EBITDA Margin (%)	2.9%	4.5%	2.5%
Effective Tax Rate (%)	25.0%	24.9%	25.4%
Net Profit Margin (%)	2.0%	3.3%	1.8%
ROCE (%)	42.0%	41.0%	41.0%
DSO (Days)	38	37	33

Consolidated					
(₹ Crore)	Q3 FY2023	Q2 FY2023	Q3 FY2022	Q-o-Q	Y-o-Y
Revenue	2260.8	1496.0	1858.0	51.1%	21.7%
EBITDA	172.8	165.7	146.9	4.3%	17.6%
Net Profit	117.6	112.7	97.6	4.4%	20.5%
Diluted EPS (Rs.)*	8.5	8.1	7.0	4.3%	20.5%

Key Ratios	Q3 FY2023	Q2 FY2023	Q3 FY2022
EBITDA Margin (%)	7.6%	11.1%	7.9%
Effective Tax Rate (%)	24.3%	24.0%	24.6%
Net Profit Margin (%)	5.2%	7.5%	5.3%
ROCE (%)	39.5%	40.0%	40.0%
DSO (Days)	42	42	38

Note:

\*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, 2022**

Sl No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2022	September 30, 2022	December 31, 2021	December 31, 2022	December 31, 2021	March 31, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations	2,26,078	1,49,598	1,85,802	5,53,562	4,08,974	5,55,337
2	Other income	1,655	1,111	1,527	4,585	5,694	10,198
3	<b>Total Revenue (1 + 2)</b>	<b>2,27,733</b>	<b>1,50,709</b>	<b>1,87,329</b>	<b>5,58,147</b>	<b>4,14,668</b>	<b>5,65,535</b>
4	<b>Expenses</b>						
	(a) Purchases of Stock-in-Trade	1,72,439	98,231	1,45,293	4,13,263	2,99,237	4,01,752
	(b) Changes in inventories of Stock-in-Trade	3,105	3,656	389	(3,762)	(537)	555
	(c) Employee benefits expense	23,976	22,228	18,895	67,632	53,168	73,702
	(d) Finance costs	385	379	467	1,137	1,381	1,805
	(e) Depreciation and amortization expense	1,362	1,362	1,268	4,021	3,426	4,732
	(f) Other expenses	10,932	10,020	8,058	31,176	21,536	32,953
	<b>Total expenses</b>	<b>2,12,199</b>	<b>1,35,876</b>	<b>1,74,370</b>	<b>5,13,467</b>	<b>3,78,211</b>	<b>5,15,499</b>
5	<b>Profit before tax (3 - 4)</b>	<b>15,534</b>	<b>14,833</b>	<b>12,959</b>	<b>44,680</b>	<b>36,457</b>	<b>50,036</b>
6	<b>Tax expense</b>						
	(1) Current tax	3,436	5,169	3,627	12,336	9,855	14,547
	(2) Provision for tax relating to prior years	(82)	-	-	(62)	-	-
	(2) Deferred tax	414	(1,607)	(435)	(1,407)	(955)	(2,154)
7	<b>Profit for the period (5 - 6)</b>	<b>11,766</b>	<b>11,271</b>	<b>9,767</b>	<b>33,813</b>	<b>27,557</b>	<b>37,643</b>
8	<b>Other comprehensive income</b>						
	1 (a) Remeasurement of the defined benefit plans	158	131	(64)	(115)	(636)	(1,111)
	(b) Income tax relating to Items that will not be reclassified to profit/(loss)	(38)	(33)	16	28	155	278
	2 Items that will be reclassified to profit or (loss)						
	(a) Exchange differences in translating the financial statements of foreign operations	991	-	196	1,022	(92)	478
	(b) Fair value changes on derivatives designated as cash flow hedge, net	(709)	(645)	732	(3,488)	1,310	1,166
	(c) Income tax relating to Items that will be reclassified to profit/(loss)	(59)	151	(227)	609	(297)	(411)
	<b>Total</b>	<b>343</b>	<b>(396)</b>	<b>653</b>	<b>(1,944)</b>	<b>440</b>	<b>400</b>
9	<b>Total Comprehensive Income for the period (7 + 8)</b>	<b>12,109</b>	<b>10,875</b>	<b>10,420</b>	<b>31,869</b>	<b>27,997</b>	<b>38,043</b>
	Of the Total Comprehensive Income above, total comprehensive income attributable to:						
	Owners of the parent	12,109	10,875	10,420	31,869	27,997	38,043
	Non - controlling interest	-	-	-	-	-	-
		<b>12,109</b>	<b>10,875</b>	<b>10,420</b>	<b>31,869</b>	<b>27,997</b>	<b>38,043</b>
	Of the Total Comprehensive Income above, Profit for the period attributable to:						
	Owners of the parent	11,766	11,271	9,767	33,813	27,557	37,643
	Non - controlling interest	-	-	-	-	-	-
		<b>11,766</b>	<b>11,271</b>	<b>9,767</b>	<b>33,813</b>	<b>27,557</b>	<b>37,643</b>
	Of the Total Comprehensive Income above, Other Comprehensive Income for the period attributable to:						
	Owners of the parent	343	(396)	653	(1,944)	440	400
	Non - controlling interest	-	-	-	-	-	-
		<b>343</b>	<b>(396)</b>	<b>653</b>	<b>(1,944)</b>	<b>440</b>	<b>400</b>
10	<b>Paid-up equity share capital (Face Value ₹ 1/-)</b>	<b>1,387</b>	<b>1,386</b>	<b>1,039</b>	<b>1,387</b>	<b>1,039</b>	<b>1,039</b>
11	<b>Other equity</b>	<b>1,08,881</b>	<b>1,08,881</b>	<b>89,508</b>	<b>1,08,881</b>	<b>89,508</b>	<b>1,08,881</b>
12	<b>Earnings per equity share (of ₹ 1/- each)</b>						
	(a) Basic	8.48	8.13	7.05	24.38	19.89	27.17
	(b) Diluted	8.48	8.13	7.04	24.38	19.88	27.15



**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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