



## 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 2023-24.

We are proud and excited to deliver yet another quarter of Industry-leading growth, despite the macro geo-political issues, economic challenges, and slowdown in tech-spending. Our International services Revenue in USD terms grew **3.5% QoQ** and Domestic Gross contribution grew by **14.2% QoQ**. We are delighted to be adjudged “**Best Governed Company 2023**” at ICSI national awards for excellence in corporate governance and certified as “**Most preferred Workplace 2023-24**” by Marksmen Daily.

We had one of our best quarter’s performances delivered in our Domestic Business during the quarter. Our Gross Contribution grew by **14.2 % QoQ** and **25.8 % YoY**. Our Q3 PAT grew by **17.4% YoY**. We had fruitful engagements with our existing customers through targeted GTMs which helped us expand our business from our existing customer base.

With Best Wishes,

**Samir Dhir**  
Managing Director & CEO  
DIN- 03021413

**Jagannathan C N**  
Chief Financial Officer



## Quarterly Report to Shareholders – Q3 FY 2023-24

### Key Financial Highlights:

Quarter Ended December 31, 2023

#### International Services:

- Revenue at USD 83.7 million (growth of 3.5% q-o-q / growth of 38.3% y-o-y)
- Revenue at INR 696.8 Crore (growth of 4.0% q-o-q / growth of 42.3% y-o-y)
- Net Profit<sup>^</sup> at INR 85.9 Crore (growth of 2.5% q-o-q / growth of 5.6% y-o-y)

#### Domestic Business:

- Revenue at INR 1,800.3 Crore (growth of 44.7% q-o-q / growth of 1.5% y-o-y)
- Net Profit at INR 42.6 Crore (growth of 5.3% q-o-q / growth of 17.4% y-o-y)

#### Consolidated:

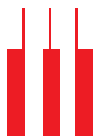
- Revenue at INR 2493.3 Crore (growth of 30.4% q-o-q / growth of 10.3% y-o-y)
- Net Profit<sup>^</sup> at INR 128.5 Crore (growth of 3.5% q-o-q / growth of 9.2% y-o-y)

#### Other Highlights:

- 400+ active clients as of December 31, 2023
- 13 new clients added during the quarter

#### People:

- ~ 6,500+ Sonatians as of December 31, 2023



## Key Financial Metrics & Ratios

International Business					
(₹ Crore)	Q3 FY2024	Q2 FY2024	Q3 FY2023	Q-o-Q	Y-o-Y
Revenue	696.8	670.0	489.6	4.0%	42.3%
EBITDA	168.5	165.0	123.2	2.1%	36.8%
Net Profit <sup>^</sup>	85.9	83.7	81.3	2.5%	5.6%

Key Ratios	Q3 FY2024	Q2 FY2024	Q3 FY2023
Effective Tax Rate (%)	24.9%	25.4%	23.9%
Net Profit Margin <sup>^</sup> (%)	12.2%	12.5%	16.6%
DSO (Days)	45	45	45

Domestic Business					
(₹ Crore)	Q3 FY2024	Q2 FY2024	Q3 FY2023	Q-o-Q	Y-o-Y
Revenue	1800.3	1244.0	1773.6	44.7%	1.5%
EBITDA	59.2	56.4	51.7	5.0%	14.4%
Net Profit	42.6	40.5	36.3	5.3%	17.4%

Key Ratios	Q3 FY2024	Q2 FY2024	Q3 FY2023
Effective Tax Rate (%)	25.4%	25.4%	25.0%
Net Profit Margin (%)	2.4%	3.3%	2.0%
DSO (Days)	36	35	38

Consolidated					
(₹ Crore)	Q3 FY2024	Q2 FY2024	Q3 FY2023	Q-o-Q	Y-o-Y
Revenue	2493.4	1912.6	2260.8	30.4%	10.3%
EBITDA	227.2	220.5	172.8	3.0%	31.5%
Net Profit <sup>^</sup>	128.5	124.2	117.6	3.5%	9.2%
Diluted EPS (Rs.)*	(1.66)	4.47	4.24	-	-

Note:

\*EPS is not annualized

<sup>^</sup> PAT is before exceptional item, please refer note below for details on exceptional item

Sonata Software North America Inc., (SSNA) a wholly owned subsidiary of Sonata Software Limited, acquired 100% stake in the Quant Systems Inc., (Quant) on March 10, 2023 for a purchase consideration of USD 159 mn (INR 130,348 Lakhs) (net of working capital) including cash consideration of USD 70.70 mn (INR 57,960 Lakhs) and USD 88.30 mn (INR 72,388 Lakhs) of contingent consideration payable over 2 years. The Company has re-measured the fair value of the contingent consideration payable to be USD 105.42 mn (INR 87,719 Lakhs), thereby an increase of USD 17.12 mn (INR 14,244 Lakhs). Similarly, the Company has re-measured the fair value of the contingent consideration payable with respect to an earlier acquisition, which has resulted in the change in fair value by USD 3.87 mn (INR 3,222 Lakhs). The above changes in fair value of contingent consideration payable amounting to USD 20.99 mn (INR 17,466 Lakhs) are owing to better financial performance of the acquired entities and are recorded in the Statement of Profit and Loss. The Management has disclosed the above changes in fair value as an 'exceptional item', considering the significance of the amount and its non-recurring nature.



₹ in lakhs, except per share data

Extract of unaudited consolidated financial results for the quarter and nine months period ended December 31, 2023

Sl No.	Particulars	Quarter ended			Nine months ended		Year ended
		December 31, 2023	September 30, 2023	December 31, 2022	December 31, 2023	December 31, 2022	March 31, 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations	2,49,335	1,91,257	2,26,078	6,42,145	5,53,562	7,44,912
2	Other income	1,951	2,320	1,655	7,084	4,585	7,082
3	<b>Total income (1 + 2)</b>	<b>2,51,286</b>	<b>1,93,577</b>	<b>2,27,733</b>	<b>6,49,229</b>	<b>5,58,147</b>	<b>7,51,994</b>
4	<b>Expenses</b>						
	(a) Purchase of stock-in-trade (traded goods)	1,68,688	1,37,894	1,72,439	4,41,041	4,13,263	5,48,163
	(b) Changes in inventories of stock-in-trade	7,518	(16,893)	3,105	(7,764)	(3,762)	(2,589)
	(c) Employee benefits expense	33,744	33,982	23,976	1,00,340	67,632	93,311
	(d) Finance costs	2,194	2,067	385	6,344	1,137	1,854
	(e) Depreciation and amortization expense	3,372	3,334	1,362	9,826	4,021	5,913
	(f) Other expenses	18,614	16,542	10,932	50,197	31,176	45,614
	<b>Total expenses</b>	<b>2,34,130</b>	<b>1,76,926</b>	<b>2,12,199</b>	<b>5,99,984</b>	<b>5,13,467</b>	<b>6,92,266</b>
5	<b>Profit before exceptional item and tax (3 - 4)</b>	<b>17,156</b>	<b>16,651</b>	<b>15,534</b>	<b>49,245</b>	<b>44,680</b>	<b>59,728</b>
6	<b>Exceptional item</b>						
	Changes in fair value of contingent consideration payable	17,466	-	-	17,466	-	-
7	<b>Profit before tax (5 - 6)</b>	<b>(310)</b>	<b>16,651</b>	<b>15,534</b>	<b>31,779</b>	<b>44,680</b>	<b>59,728</b>
8	<b>Tax expense</b>						
	(1) Current tax	5,531	5,849	3,354	15,334	12,274	16,709
	(2) Deferred tax	(1,225)	(1,615)	414	(3,369)	(1,407)	(2,171)
	<b>Total tax expense</b>	<b>4,306</b>	<b>4,234</b>	<b>3,768</b>	<b>11,965</b>	<b>10,867</b>	<b>14,538</b>
9	<b>Profit for the period (7 - 8)</b>	<b>(4,616)</b>	<b>12,417</b>	<b>11,766</b>	<b>19,814</b>	<b>33,813</b>	<b>45,190</b>
10	<b>Other comprehensive income</b>						
	1 Items that will not be reclassified to profit/(loss)						
	(a) Remeasurement of the defined benefit plans	49	10	158	270	(115)	(662)
	(b) Income tax relating to Items that will not be reclassified to profit/(loss)	(15)	(4)	(38)	(68)	28	162
	2 Items that will be reclassified to profit or (loss)						
	(a) Exchange differences in translating the financial statements of foreign operations	372	288	991	479	1,022	873
	(b) Fair value changes on derivatives designated as cash flow hedge, net	(933)	158	(709)	347	(3,488)	(3,539)
	(c) Income tax relating to Items that will be reclassified to profit/(loss)	123	(111)	(59)	(208)	609	652
	<b>Total</b>	<b>(404)</b>	<b>341</b>	<b>343</b>	<b>820</b>	<b>(1,944)</b>	<b>(2,514)</b>
11	<b>Total comprehensive income for the period (9 + 10)</b>	<b>(5,020)</b>	<b>12,758</b>	<b>12,109</b>	<b>20,634</b>	<b>31,869</b>	<b>42,676</b>
	Of the total comprehensive income above, total comprehensive income attributable to:						
	Owners of the Company	(5,020)	12,758	12,109	20,634	31,869	42,676
	Non - controlling interest	-	-	-	-	-	-
		<b>(5,020)</b>	<b>12,758</b>	<b>12,109</b>	<b>20,634</b>	<b>31,869</b>	<b>42,676</b>
	Of the total comprehensive income above, profit for the period attributable to:						
	Owners of the Company	(4,616)	12,417	11,766	19,814	33,813	45,190
	Non - controlling interest	-	-	-	-	-	-
		<b>(4,616)</b>	<b>12,417</b>	<b>11,766</b>	<b>19,814</b>	<b>33,813</b>	<b>45,190</b>
	Of the total comprehensive income above, other comprehensive income for the period attributable to:						
	Owners of the Company	(404)	341	343	820	(1,944)	(2,514)
	Non - controlling interest	-	-	-	-	-	-
		<b>(404)</b>	<b>341</b>	<b>343</b>	<b>820</b>	<b>(1,944)</b>	<b>(2,514)</b>
12	<b>Paid-up equity share capital (Face Value ₹ 1/-)</b>	<b>2,775</b>	<b>1,387</b>	<b>1,387</b>	<b>2,775</b>	<b>1,387</b>	<b>1,387</b>
13	<b>Other equity</b>	<b>1,28,678</b>	<b>1,28,678</b>	<b>1,08,881</b>	<b>1,28,678</b>	<b>1,08,881</b>	<b>1,28,678</b>
14	<b>Earnings / (loss) per equity share (of ₹ 1/- each)</b>						
	(a) Basic (in ₹)	(1.66)	4.48	4.24	7.14	12.19	16.29
	(b) Diluted (in ₹)	(1.66)	4.47	4.24	7.13	12.19	16.29



**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.

SONATA SOFTWARE LIMITED  
(CIN No. L72200MH1994PLC082110)

**Registered Office:**

208, T V Industrial Estate, 2<sup>nd</sup> Floor, S K  
Ahire Marg,  
Worli, Mumbai – 400 030

**Corporate Office**

Tower-A, Sonata Towers, Global Village (Sattva Global City),  
RVCE Post, Kengeri Hobli, Mysore Road,  
Bengaluru 560059, India  
Tel: 91-80-6778 1000  
E-mail: [investor@sonata-software.com](mailto:investor@sonata-software.com)  
Website: [www.sonata-software.com](http://www.sonata-software.com)