



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 Q2 of FY 2020-21.

These last two quarters have been unprecedented in the speed of evolution of events and the impact it has had on businesses globally. We as an organization have acted with great resilience and have strengthened systems and processes to operate effectively across all our business functions. As mentioned, our overall strategy of creating digital enterprises by creating platform through our unique Platformation™ methodology is more relevant in the current context with more digitization and automation. The results this quarter reflect a successful response and execution of strategy aimed to grow with existing clients and add new clients. With a clear visibility in the immediate future, we are now focused on investing for long term growth in talent, IP and competency development.

With Best Wishes,

P Srikar Reddy
Managing Director & CEO

Jagannathan C N
Chief Financial Officer



Quarterly Report to Shareholders – Q2 FY 2020-21

Key Financial Highlights:

Quarter Ended September 30, 2020

International Services:

- Revenue at USD 39.0 million (Growth of 7% q-o-q / decline of 14% y-o-y)
- Revenue at INR 288.1 Crore (Growth of 4.5% q-o-q / decline of 7.9% y-o-y)
- Net Profit at INR 43.6 Crore (Growth of 13.8% q-o-q / decline of 22.4% y-o-y)

Domestic Business:

- Revenue at INR 523.5 Crore (decline of 23.3% q-o-q / growth of 31.2% y-o-y)
- Net Profit at INR 13.6 Crore (growth of 17.0% q-o-q / decline of 15.5% y-o-y)

Consolidated:

- Revenue at INR 803.8 Crore (decline of 15.6% q-o-q / growth of 14.3% y-o-y)
- Net Profit at INR 57.2 Crore (growth of 14.6% q-o-q / decline of 20.8% y-o-y)

Other Highlights:

- 146 active clients as of Sept 30,2020
- 10 new clients added during the quarter

People:

- 3885 Sonata headcount as of Sept 30,2020
- Attrition is at 14.8%



Key Financial Metrics & Ratios

International Business					
(₹ Crore)	Q2 FY2021	Q1 FY2021	Q2 FY2020	Q-o-Q	Y-o-Y
Revenue	288.1	275.8	312.8	4.5%	-7.9%
EBITDA	70.4	64.7	89.5	8.9%	-21.3%
Net Profit	43.6	38.3	56.1	13.8%	-22.4%

Key Ratios	Q2 FY2021	Q1 FY2021	Q2 FY2020
EBITDA Margin (%)	24.4%	23.5%	28.6%
Effective Tax Rate (%)	24.4%	26.1%	27.6%
Net Profit Margin (%)	15.1%	13.9%	17.9%
ROCE (%)	29.3%	28.6%	38.5%
DSO (Days)	47	57	44

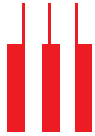
Domestic Business					
(₹ Crore)	Q2 FY2021	Q1 FY2021	Q2 FY2020	Q-o-Q	Y-o-Y
Revenue	523.5	681.3	399.1	-23.2%	31.2%
EBITDA	19.6	16.9	22.5	16.2%	-13.0%
Net Profit	13.6	11.6	16.1	17.0%	-15.5%

Key Ratios	Q2 FY2021	Q1 FY2021	Q2 FY2020
EBITDA Margin (%)	3.7%	2.5%	5.6%
Effective Tax Rate (%)	25.3%	26.3%	23.5%
Net Profit Margin (%)	2.6%	1.7%	4.0%
ROCE (%)	22.5%	22.5%	30.1%
DSO (Days)	63	59	43

Consolidated					
(₹ Crore)	Q2 FY2021	Q1 FY2021	Q2 FY2020	Q-o-Q	Y-o-Y
Revenue	803.8	952.4	703.1	-15.6%	14.3%
EBITDA	89.7	81.2	111.4	10.5%	-19.4%
Net Profit	57.2	49.9	72.2	14.6%	-20.8%
Diluted EPS*	5.5	4.8	7.0	14.6%	-20.8%

*EPS is not annualized

Key Ratios	Q2 FY2021	Q1 FY2021	Q2 FY2020
EBITDA Margin (%)	11.2%	8.5%	15.8%
Effective Tax Rate (%)	24.6%	26.1%	26.7%
Net Profit Margin (%)	7.1%	5.2%	10.3%
ROCE (%)	27.2%	26.8%	36.2%
DSO (Days)	55	58	44



₹ in lakhs, except per share data

Extract of unaudited consolidated financial results for the quarter and six months ended September 30, 2020

Sl No.	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2020	June 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019	March 31, 2020
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations	80,377	95,244	70,307	175,621	157,770	374,326
2	Other income	244	313	2,084	557	3,762	5,840
3	Total Revenue (1 + 2)	80,621	95,557	72,391	176,178	161,532	380,166
4	Expenses						
	(a) Purchases of Stock-in-Trade	50,731	66,541	38,064	117,272	93,647	241,579
	(b) Employee benefits expense	14,922	14,311	16,178	29,233	32,323	66,031
	(c) Finance costs	378	343	352	721	733	1,518
	(d) Depreciation and amortization expense	1,005	1,021	920	2,026	1,816	3,654
	(e) Other expenses	5,996	6,584	7,015	12,580	13,789	29,435
	Total expenses	73,032	88,800	62,529	161,832	142,308	342,217
5	Profit before tax (3-4)	7,589	6,757	9,862	14,346	19,224	37,949
6	Tax expense						
	(1) Current tax	2,553	2,751	3,173	5,304	5,659	10,603
	(2) Deferred tax	(684)	(986)	(535)	(1,670)	(364)	(347)
7	Profit for the period (5-6)	5,720	4,992	7,224	10,712	13,929	27,693
8	Other comprehensive income						
	1 (a) Items that will not be reclassified to profit or (loss)	303	317	44	620	(149)	(865)
	(b) Income tax relating to items that will not be reclassified to profit or (loss)	(73)	(84)	(12)	(157)	43	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	1,320	(1,220)	31	100	(429)	323
	(b) Exchange differences on forward cover	2,378	868	(1,182)	3,246	(1,130)	(3,511)
	(c) Income tax relating to items that will be reclassified to profit or (loss)	(942)	94	323	(848)	425	854
	Total	2,986	(25)	(796)	2,961	(1,240)	(2,967)
9	Total Comprehensive Income for the period (7 + 8)	8,706	4,967	6,428	13,673	12,689	24,726
	Of the Total Comprehensive Income above, total comprehensive income attributable to:						
	Owners of the parent	8,706	4,967	6,428	13,673	12,689	24,726
		8,706	4,967	6,428	13,673	12,689	24,726
	Of the Total Comprehensive Income above, Profit for the period attributable to:						
	Owners of the parent	5,720	4,992	7,224	10,712	13,929	27,693
		5,720	4,992	7,224	10,712	13,929	27,693
	Of the Total Comprehensive Income above, Other Comprehensive Income for the period attributable to:						
	Owners of the parent	2,986	(25)	(796)	2,961	(1,240)	(2,967)
		2,986	(25)	(796)	2,961	(1,240)	(2,967)
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	5.50	4.80	6.95	10.31	13.41	26.66
	(b) Diluted	5.50	4.80	6.95	10.31	13.40	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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