



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 2022-23.

The results for the quarter reflect strong growth in our business across our operating markets. We continue to create value for our clients by modernizing their mission-critical platforms. Our strong demand pipeline reflects our focus on large annuity deals. We continue to invest in building deep engineering capabilities to provide high quality, differentiated outcomes for our clients and exciting career opportunities to our engineers globally. We have increased our nearshore delivery presence, most recently developing talent in Ireland, to reach best-in-class talent in every geography we service our clients.

Our Indian business has continued to show robust growth with increasing percentage of cloud and digital infrastructure contracts. We continue to focus on multi cloud consulting and management, system integration and cloud security offerings to Indian customers.

With Best Wishes,

Samir Dhir

Whole Time Director and Chief Executive Officer

Jagannathan C N

Chief Financial Officer

DIN: 03021413



Quarterly Report to Shareholders – Q2 FY 2022-23

Key Financial Highlights:

Quarter Ended September 30, 2022

International Services:

- Revenue at USD 57.8 million (growth of 2% q-o-q / growth of 17% y-o-y)
- Revenue at INR 460.4 Crore (growth of 5% q-o-q / growth of 28% y-o-y)
- Net Profit at INR 78.6 Crore (growth of 4% q-o-q / growth of 17% y-o-y)

Domestic Business:

- Revenue at INR 1,040.2 Crore (decline of 23% q-o-q / growth of 72% y-o-y)
- Net Profit at INR 34.1 Crore (growth of 7% q-o-q / growth of 43% y-o-y)

Consolidated:

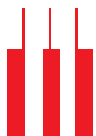
- Revenue at INR 1496.0 Crore (decline of 16% q-o-q / growth of 55% y-o-y)
- Net Profit at INR 112.7 Crore (growth of 5% q-o-q / growth of 24% y-o-y)

Other Highlights:

- 259 active clients as of September 30, 2022
- 12 new clients added during the quarter

People:

- 5,611 Sonatians as of September 30, 2022



Key Financial Metrics & Ratios

International Business					
(₹ Crore)	Q2 FY2023	Q1 FY2023	Q2 FY2022	Q-o-Q	Y-o-Y
Revenue	460.4	436.8	360.8	5.4%	27.6%
EBITDA	119.3	116.1	103.5	2.8%	15.3%
Net Profit	78.6	76.0	67.3	3.4%	16.8%

Key Ratios	Q2 FY2023	Q1 FY2023	Q2 FY2022
EBITDA Margin (%)	25.9%	27.5%	28.7%
Effective Tax Rate (%)	23.6%	24.2%	23.8%
Net Profit Margin (%)	17.1%	17.5%	18.7%
ROCE (%)	39.0%	39.0%	37.0%
DSO (Days)	46	41	38

Domestic Business					
(₹ Crore)	Q2 FY2023	Q1 FY2023	Q2 FY2022	Q-o-Q	Y-o-Y
Revenue	1040.2	1343.1	605.5	-22.6%	72.0%
EBITDA	47.1	44.0	33.7	7.1%	39.8%
Net Profit	34.1	31.8	23.9	7.2%	42.7%

Key Ratios	Q2 FY2023	Q1 FY2023	Q2 FY2022
EBITDA Margin (%)	4.5%	3.3%	5.6%
Effective Tax Rate (%)	24.9%	26.0%	25.1%
Net Profit Margin (%)	3.3%	2.4%	4.0%
ROCE (%)	41.0%	43.0%	35.0%
DSO (Days)	37	38	32

Consolidated					
(₹ Crore)	Q2 FY2023	Q1 FY2023	Q2 FY2022	Q-o-Q	Y-o-Y
Revenue	1496.0	1778.9	963.2	-15.9%	55.3%
EBITDA	165.7	159.8	136.6	3.7%	21.3%
Net Profit	112.7	107.8	91.2	4.6%	23.6%
Diluted EPS (₹)*	8.1	7.8	6.6	4.2%	23.6%

Key Ratios	Q2 FY2023	Q4 FY2022	Q2 FY2022
EBITDA Margin (%)	11.1%	9.0%	14.2%
Effective Tax Rate (%)	24.0%	24.7%	24.1%
Net Profit Margin (%)	7.5%	6.1%	9.5%
ROCE (%)	40.0%	41.0%	36.0%
DSO (Days)	42	40	35

Note:

*EPS is not annualized



₹ in lakhs, except per share data

Extract of unaudited consolidated financial results for the quarter and six months ended September 30, 2022

Sl No.	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2022	June 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021	March 31, 2022
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations	1,49,598	1,77,886	96,318	3,27,484	2,23,172	5,55,337
2	Other income	1,111	1,819	1,352	2,930	4,167	10,198
3	Total Revenue (1 + 2)	1,50,709	1,79,705	97,670	3,30,414	2,27,339	5,65,535
4	Expenses						
	(a) Purchases of Stock-in-Trade	98,231	1,42,593	60,968	2,40,824	1,53,944	4,01,752
	(b) Changes in inventories of Stock-in-Trade	3,656	(10,523)	(1,411)	(6,867)	(926)	555
	(c) Employee benefits expense	22,228	21,428	17,498	43,656	34,273	73,702
	(d) Finance costs	379	373	472	752	914	1,805
	(e) Depreciation and amortization expense	1,362	1,297	1,170	2,659	2,159	4,732
	(f) Other expenses	10,020	10,224	6,957	20,244	13,477	32,953
	Total expenses	1,35,876	1,65,392	85,654	3,01,268	2,03,841	5,15,499
5	Profit before tax (3 - 4)	14,833	14,313	12,016	29,146	23,498	50,036
6	Tax expense						
	(1) Current tax	5,169	3,731	3,097	8,900	6,228	14,547
	(2) Provision for tax relating to prior years	-	20	-	20	-	-
	(2) Deferred tax	(1,607)	(214)	(198)	(1,821)	(520)	(2,154)
7	Profit for the period (5 - 6)	11,271	10,776	9,117	22,047	17,790	37,643
8	Other comprehensive income						
	1 (a) Remeasurement of the defined benefit plans	131	(404)	(46)	(273)	(572)	(1,111)
	(b) Income tax relating to Items that will not be reclassified to profit/(loss)	(33)	99	10	66	139	278
	2 Items that will be reclassified to profit or (loss)						
	(a) Exchange differences in translating the financial statements of foreign operations	-	31	(400)	31	(288)	478
	(b) Fair value changes on derivatives designated as cash flow hedge, net	(645)	(2,134)	732	(2,779)	579	1,166
	(c) Income tax relating to Items that will be reclassified to profit/(loss)	151	517	(81)	668	(71)	(411)
	Total	(396)	(1,891)	215	(2,287)	(213)	400
9	Total Comprehensive Income for the period (7 + 8)	10,875	8,885	9,332	19,760	17,577	38,043
	Of the Total Comprehensive Income above, total comprehensive income attributable to:						
	Owners of the parent	10,875	8,885	9,332	19,760	17,577	38,043
	Non - controlling interest	-	-	-	-	-	-
		10,875	8,885	9,332	19,760	17,577	38,043
	Of the Total Comprehensive Income above, Profit for the period attributable to:						
	Owners of the parent	11,271	10,776	9,117	22,047	17,790	37,643
	Non - controlling interest	-	-	-	-	-	-
		11,271	10,776	9,117	22,047	17,790	37,643
	Of the Total Comprehensive Income above, Other Comprehensive Income for the period attributable to:						
	Owners of the parent	(396)	(1,891)	215	(2,287)	(213)	400
	Non - controlling interest	-	-	-	-	-	-
		(396)	(1,891)	215	(2,287)	(213)	400
10	Paid-up equity share capital (Face Value ₹ 1/-)	1,386	1,039	1,039	1,386	1,039	1,039
11	Other equity	1,08,881	1,08,881	89,508	1,08,881	89,508	1,08,881
12	Earnings per equity share (of ₹ 1/- each)						
	(a) Basic	8.13	7.78	6.58	15.91	12.84	27.17
	(b) Diluted	8.13	7.78	6.58	15.91	12.83	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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