

SONATA SOFTWARE LIMITED

Dear Shareholder(s),

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 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 4.6% QoQ. Consolidated PAT for Q2'24 grew 3.4% QoQ. We won our first multi-year AI-enabled business transformation large deal – powered by Sonata's Harmoni.AI.

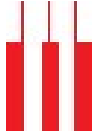
Our domestic products division delivered a good performance during this quarter. Our Gross Contribution grew by 1 % QoQ and 16.5 % YoY. Our Q2 PAT grew by 19% YoY. We successfully renewed all our large multiyear software contracts with our key customers. We will continue focusing on our Multi-Cloud Management offerings and System Integration business to drive future growth.

With Best Wishes,

Samir Dhir
Managing Director & CEO

Jagannathan C N
Chief Financial Officer

DIN: 03021413



Quarterly Report to Shareholders – Q2 FY 2023-24

Key Financial Highlights:

Quarter Ended September 30, 2023

International Services:

- Revenue at USD 80.9 million (growth of 4.6% q-o-q / growth of 40.0% y-o-y)
- Revenue at INR 670.0 Crore (growth of 5.7% q-o-q / growth of 45.5% y-o-y)
- Net Profit at INR 83.7 Crore (growth of 4.8% q-o-q / growth of 6.5% y-o-y)

Domestic Business:

- Revenue at INR 1,244.0 Crore (decline of 10.6% q-o-q / growth of 19.6% y-o-y)
- Net Profit at INR 40.5 Crore (growth of 0.7% q-o-q / growth of 18.7% y-o-y)

Consolidated:

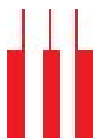
- Revenue at INR 1912.6 Crore (decline of 5.1% q-o-q / growth of 27.8% y-o-y)
- Net Profit at INR 124.2 Crore (growth of 3.4% q-o-q / growth of 10.2% y-o-y)

Other Highlights:

- 400+ active clients as of September 30, 2023
- 4 new clients added during the quarter

People:

- ~ 6,500 Sonatians as of September 30, 2023



Key Financial Metrics & Ratios

International Business					
(₹ Crore)	Q2 FY2023	Q1 FY2023	Q2 FY2022	Q-o-Q	Y-o-Y
Revenue	670.0	633.8	460.4	5.7%	45.5%
EBITDA	165.0	150.6	119.3	9.6%	38.3%
Net Profit	83.7	79.9	78.6	4.8%	6.5%

Key Ratios	Q2 FY2023	Q1 FY2023	Q2 FY2022
EBITDA Margin (%)	24.3%	23.2%	25.7%
Effective Tax Rate (%)	25.4%	20.2%	23.6%
Net Profit Margin (%)	12.3%	12.6%	17.1%
DSO (Days)	45	46	46

Domestic Business					
(₹ Crore)	Q2 FY2023	Q1 FY2023	Q2 FY2022	Q-o-Q	Y-o-Y
Revenue	1244.0	1391.7	1040.2	-10.6%	19.6%
EBITDA	56.4	56.4	47.1	0.1%	19.7%
Net Profit	40.5	40.2	34.1	0.7%	18.7%

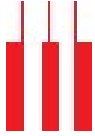
Key Ratios	Q2 FY2023	Q1 FY2023	Q2 FY2022
EBITDA Margin (%)	4.5%	4.1%	4.5%
Effective Tax Rate (%)	25.4%	25.9%	24.9%
Net Profit Margin (%)	3.2%	2.9%	3.3%
DSO (Days)	35	36	37

Consolidated					
(₹ Crore)	Q2 FY2023	Q1 FY2023	Q2 FY2022	Q-o-Q	Y-o-Y
Revenue	1912.6	2015.5	1496.0	-5.1%	27.8%
EBITDA	220.5	206.4	165.7	6.9%	33.1%
Net Profit	124.2	120.1	112.7	3.4%	10.2%
Diluted EPS (Rs.)*	8.9	8.7	8.1	3.4%	10.1%

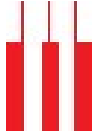
Key Ratios	Q2 FY2023	Q1 FY2023	Q2 FY2022
EBITDA Margin (%)	11.4%	10.1%	11.0%
Effective Tax Rate (%)	25.4%	22.2%	24.0%
Net Profit Margin (%)	6.4%	5.9%	7.5%
DSO (Days)	40	41	42

Note:

*EPS is not annualized



Part I		₹ in lakhs, except per share data					
Extract of unaudited consolidated financial results for the quarter and six months period ended September 30, 2023							
Sl No.	Particulars	Quarter ended			Six months ended		Year ended
		September 30, 2023	June 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022	March 31, 2023
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	Revenue from operations	1,91,257	2,01,553	1,49,598	3,92,810	3,27,484	7,44,912
2	Other income	2,320	2,813	1,111	5,133	2,930	7,082
3	Total income (1 + 2)	1,93,577	2,04,366	1,50,709	3,97,943	3,30,414	7,51,994
4	Expenses						
	(a) Purchase of stock-in-trade (traded goods)	1,37,894	1,34,459	98,231	2,72,353	2,40,824	5,48,163
	(b) Changes in inventories of stock-in-trade	(16,893)	1,611	3,656	(15,282)	(6,867)	(2,589)
	(c) Employee benefits expense	33,982	32,614	22,228	66,596	43,656	93,311
	(d) Finance costs	2,067	2,083	379	4,150	752	1,854
	(e) Depreciation and amortization expense	3,334	3,120	1,362	6,454	2,659	5,913
	(f) Other expenses	16,542	15,042	10,020	31,584	20,244	45,614
	Total expenses	1,76,926	1,88,929	1,35,876	3,65,855	3,01,268	6,92,266
5	Profit before tax (3 - 4)	16,651	15,437	14,833	32,088	29,146	59,728
6	Tax expense						
	(1) Current tax	5,849	3,954	5,169	9,803	8,920	16,709
	(2) Deferred tax	(1,615)	(529)	(1,607)	(2,144)	(1,821)	(2,171)
	Total tax expense	4,234	3,425	3,562	7,659	7,099	14,538
7	Profit for the period (5 - 6)	12,417	12,012	11,271	24,429	22,047	45,190
8	Other comprehensive income						
	1 Items that will not be reclassified to profit/(loss)						
	(a) Remeasurement of the defined benefit plans	10	211	131	221	(273)	(662)
	(b) Income tax relating to Items that will not be reclassified to profit/(loss)	(4)	(49)	(33)	(53)	66	162
	2 Items that will be reclassified to profit or (loss)						
	(a) Exchange differences in translating the financial statements of foreign operations	288	(181)	-	107	31	873
	(b) Fair value changes on derivatives designated as cash flow hedge, net	158	1,122	(645)	1,280	(2,779)	(3,539)
	(c) Income tax relating to Items that will be reclassified to profit/(loss)	(111)	(220)	151	(331)	668	652
	Total	341	883	(396)	1,224	(2,287)	(2,514)
9	Total comprehensive income for the period (7 + 8)	12,758	12,895	10,875	25,653	19,760	42,676
	Of the total comprehensive income above, total comprehensive income attributable to:						
	Owners of the Company	12,758	12,895	10,875	25,653	19,760	42,676
	Non - controlling interest	-	-	-	-	-	-
		12,758	12,895	10,875	25,653	19,760	42,676
	Of the total comprehensive income above, profit for the period attributable to:						
	Owners of the Company	12,417	12,012	11,271	24,429	22,047	45,190
	Non - controlling interest	-	-	-	-	-	-
		12,417	12,012	11,271	24,429	22,047	45,190
	Of the total comprehensive income above, other comprehensive income for the period attributable to:						
	Owners of the Company	341	883	(396)	1,224	(2,287)	(2,514)
	Non - controlling interest	-	-	-	-	-	-
		341	883	(396)	1,224	(2,287)	(2,514)
10	Paid-up equity share capital (Face Value ₹ 1/-)	1,387	1,387	1,386	1,387	1,386	1,387
11	Other equity	1,28,678	1,28,678	1,08,881	1,28,678	1,08,881	1,28,678
12	Earnings per equity share (of ₹ 1/- each)						
	(a) Basic (in ₹)	8.96	8.66	8.13	17.61	15.91	32.58
	(b) Diluted (in ₹)	8.94	8.65	8.13	17.58	15.91	32.58



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, 2nd 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
Website: www.sonata-software.com