

SONATA SOFTWARE LIMITED

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER, 2009

(Rs)

	SCHEDULE	AS AT 31.12.2009	AS AT 31.12.2008	AS AT 31.03.2009
SOURCES OF FUNDS				
Shareholder's Funds				
Share Capital		105,159,306	105,159,306	105,159,306
Reserves and Surplus		3,309,301,004	2,589,408,099	2,662,872,112
		<u>3,414,460,310</u>	<u>2,694,567,405</u>	<u>2,768,031,418</u>
Minority Interest		369,794,922	339,519,672	308,055,453
Loan Funds				
Secured Loans		33,560,000	34,274,104	33,745,000
Deferred Tax Liability		811,910	929,380	1,023,971
TOTAL FUNDS EMPLOYED		<u>3,818,627,142</u>	<u>3,069,290,561</u>	<u>3,110,855,842</u>
APPLICATION OF FUNDS				
Fixed Assets				
Tangible Fixed Assets		875,330,082	861,262,751	878,484,501
Intangible Fixed Assets		1,029,825,140	1,031,919,149	1,031,428,568
		<u>1,905,155,222</u>	<u>1,893,181,900</u>	<u>1,909,913,069</u>
Investments		703,363,658	43,241,458	80,973,829
Deferred Tax Asset		165,248,713	198,002,399	198,884,922
Current Assets, Loans and Advances				
Inventories		160,555,915	261,872,125	54,748,872
Sundry Debtors		1,817,658,856	2,792,388,294	2,777,512,065
Cash and Bank Balances		987,887,974	1,096,502,861	817,367,943
Other Current Assets		87,137,137	72,751,915	82,531,101
Loans and Advances		1,561,762,032	921,569,790	1,196,396,362
		<u>4,615,001,914</u>	<u>5,145,084,985</u>	<u>4,928,556,343</u>
Less: Current Liabilities and Provisions				
Current Liabilities		2,916,394,746	3,488,694,172	3,402,215,721
Provisions		653,747,618	721,526,009	605,256,600
		<u>3,570,142,364</u>	<u>4,210,220,181</u>	<u>4,007,472,321</u>
Net Current Assets		1,044,859,550	934,864,804	921,084,022
TOTAL FUNDS APPLIED		<u>3,818,627,142</u>	<u>3,069,290,561</u>	<u>3,110,855,842</u>

SELECTED EXPLANATORY NOTES
FORMING PART OF ACCOUNTS

1

As per our Report annexed

By Order of the Board of Directors

For N M RAJI & Co.
Chartered Accountants

For Sonata Software Limited

Y N THAKKAR
PartnerB RAMASWAMY
Managing Director & President

Mumbai; 19th January, 2010

SONATA SOFTWARE LIMITED

CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE NINE MONTHS ENDED 31ST DECEMBER, 2009

SCHEDULE	(Rs)		(Rs)		(Rs)
	QUARTER ENDED 31.12.2009	QUARTER ENDED 31.12.2008	NINE MONTHS ENDED 31.12.2009	NINE MONTHS ENDED 31.12.2008	YEAR ENDED 31.03.2009
INCOME					
Sales & Services (Net)	3,360,034,799	3,953,509,005	10,613,461,332	12,237,252,462	15,911,670,226
Other Income	18,081,915	20,089,018	54,684,353	84,057,894	109,521,335
Total Income	3,378,116,714	3,973,598,023	10,668,145,685	12,321,310,356	16,021,191,561
EXPENDITURE					
Salaries, Wages & Other staff costs	1,049,816,735	999,435,694	3,121,948,390	3,062,347,955	4,125,467,562
Other Operating Expenses	912,749,125	1,123,160,075	2,745,588,504	3,496,633,504	4,406,595,740
Purchase of traded items	964,814,935	1,453,897,719	3,569,580,915	4,611,832,085	5,751,998,738
Interest	16,382,576	13,238,851	50,143,729	50,301,003	66,942,254
Depreciation	125,211,499	112,661,144	371,737,907	327,320,625	435,018,216
Bad debts			-	-	4,721,060
Provision for Doubtful Debts	1,053,802	-	25,091,310	-	14,501,306
(Increase)/ Decrease in Stocks	(14,501,383)	(29,259,700)	(105,807,043)	(117,163,275)	89,959,978
	3,055,527,288	3,673,133,784	9,778,283,712	11,431,271,897	14,895,204,855
Profit Before Tax	322,589,426	300,464,239	889,861,973	890,038,459	1,125,986,706
Provision for Tax	85,898,916	72,442,787	242,693,105	220,651,138	273,508,456
MAT credit	(24,898,707)	(14,765,518)	(76,814,867)	(46,316,180)	(61,237,382)
Fringe Benefit Tax		2,260,000		7,896,000	9,279,000
Profit After Tax before minority interest/ share of earning in affiliates	261,589,217	240,526,970	723,983,735	707,807,502	904,436,632
Share in earning of affiliates			-	(198,610)	2,510,048
Minority Interest	(41,790,113)	(41,532,531)	(113,071,181)	(114,163,274)	(141,267,605)
Profit After Tax after minority interest/share of earning in affiliates	219,799,104	198,994,439	610,912,554	593,445,618	765,679,075
Add: Balance of Profit brought forward			1,810,646,757	1,288,042,679	1,288,042,679
Disposable Surplus			2,421,559,312	1,881,488,296	2,053,721,754
Interim Dividend			94,643,375	157,738,959	157,738,959
Provision for Dividend Tax			16,084,642	26,807,736	26,807,736
Transfer to General Reserve			-	-	60,000,000
Balance Carried to Balance Sheet			2,310,831,294	1,696,941,601	1,809,175,059
			2,421,559,311	1,881,488,296	2,053,721,754
EPS - Basic (on Re.1 per share)	2.09	1.89	5.81	5.64	7.28
EPS - Diluted (on Re.1 per share)	2.09	1.89	5.81	5.64	7.28
EPS - Basic (Annualised)(on Re 1 per share)	8.36	7.57	7.75	7.52	7.28
EPS - Diluted (Annualised) (on Re.1 per share)	8.36	7.57	7.75	7.52	7.28

SELECTED EXPLANATORY NOTES
FORMING PART OF ACCOUNTS

1

As per our Report annexed

By Order of the Board of Directors

For N M RAIJI & Co.,
Chartered Accountants

For Sonata Software Limited

Y N THAKKAR
PartnerB RAMASWAMY
Managing Director & President

Mumbai, 19th January, 2010

SONATA SOFTWARE LIMITED

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

PARTICULARS		(Rs)				
		QUARTER ENDED 31.12.2009	QUARTER ENDED 31.12.2008	NINE MONTHS ENDED 31.12.2009	NINE MONTHS ENDED 31.12.2008	YEAR ENDED 31.03.2009
Cash flows from Operating Activities	(A)	1,424,768,090	490,010,371	1,370,692,164	985,118,097	1,057,632,582
Cash flows from Investing Activities	(B)	(658,678,411)	(160,294,901)	(987,783,676)	(174,352,370)	(334,277,314)
Cash flows from Financing Activities	(C)	(502,900,631)	(322,459,598)	(212,388,458)	(478,704,626)	(670,429,085)
Net increase/(decrease) in Cash and Cash Equivalents	(A+B+C)	<u>263,189,048</u>	<u>7,255,872</u>	<u>170,520,030</u>	<u>332,061,101</u>	<u>52,926,183</u>
Opening Cash & Cash Equivalents		724,698,925	1,089,246,990	817,367,943	764,441,760	764,441,760
Closing Cash & Cash Equivalents		987,887,974	1,096,502,861	987,887,974	1,096,502,861	817,367,943

As per our Report Annexed

By Order of the Board of Directors
For Sonata Software LimitedFor N M RAIJI & Co.
Chartered AccountantsY N THAKKAR
PartnerB RAMASWAMY
Managing Director & President

Mumbai; 19th January, 2010

SONATA SOFTWARE LIMITED**Schedule 1: Selected Explanatory notes to Consolidated Financial Statements****Significant Accounting Policies**

There are no changes in the accounting policies during the nine months ended 31st December, 2009.
The significant accounting policies of the company relate to fixed asset & depreciation, investments, inventories, sales & services, foreign currency transactions & retirement benefits.

Segment Reporting

Amount in Rs.

<i>Particulars</i>	<i>*Domestic</i>	<i>**International</i>	<i>Total</i>
Segment Revenue	3,895,231,334	6,718,229,998	10,613,461,332
	(4,884,238,117)	(7,353,014,345)	(12,237,252,462)
Segment Result	96,971,477	788,349,872	885,321,349
	(89,589,018)	(766,692,550)	(856,281,568)
Segment Capital Employed	335,932,124	3,112,088,186	3,448,020,310
	(265,496,190)	(2,463,345,319)	(2,728,841,509)

Geographical Areas:

* Domestic= India (Products & Services)

** International= Rest of the World (Export - Software Service and Products)

2. Contingent liabilities in respect of Income Tax Rs. 37.61 crores - explained below.

- a) The above amount has arisen on account of an adverse decision given by the High Court of Karnataka holding that the Company failed to deduct tax at source on amounts paid to overseas suppliers on purchase of software. The Company has preferred an appeal before the Supreme Court and the same is pending as on date. The appeals of other similarly placed companies before the Supreme Court have been admitted and stay granted on the same.
- b) In the meanwhile one of the principal supplier of software to the Company has already paid Rs 21.65 crores out Rs 37.61 crores referred to in (a) above, and consequently the amount stands reduced to Rs 15.96 crores.

3. The Company has received demands from the Income Tax department totaling Rs 109.91 crores for assessment years 2005-06, 06-07 and 07-08. The primary points giving rise to the above demand have been adjudicated by the Income Tax Appellate Tribunal in earlier years and favorable orders have been granted to the Company. Thus, the Company believes that these demands are unsustainable.

Previous period's figures are shown in brackets and have been regrouped, wherever necessary to conform to current period's classification.

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For N M RAIJI & Co.
Chartered Accountants

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Y N THAKKAR
Partner

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Mumbai; 19th January, 2010