

SONATA SOFTWARE LIMITED

CONDENSED 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	<u>2,612,790,892</u>	<u>2,107,484,026</u>	<u>2,133,103,694</u>
TOTAL FUNDS EMPLOYED	<u>2,717,950,198</u>	<u>2,212,643,332</u>	<u>2,238,263,000</u>
APPLICATION OF FUNDS			
Fixed Assets			
Tangible fixed assets	325,272,027	268,647,803	272,359,096
Investments	1,350,609,751	1,220,995,501	1,262,628,341
Deferred Tax Asset	55,996,661	78,920,647	76,818,887
Current Assets, Loans and Advances			
Inventories	-	3,920,245	-
Sundry Debtors	469,574,247	398,315,433	428,502,168
Cash and Bank Balances	276,900,791	203,787,216	139,627,852
Other Current Assets	25,994,893	35,551,532	37,161,410
Loans and Advances	<u>388,501,733</u>	<u>270,802,588</u>	<u>273,330,888</u>
	<u>1,160,971,664</u>	<u>912,377,014</u>	<u>878,622,318</u>
Less: Current Liabilities and Provisions			
Current Liabilities	160,719,936	130,599,908	240,310,123
Provisions	<u>14,179,969</u>	<u>137,697,725</u>	<u>11,855,519</u>
	<u>174,899,905</u>	<u>268,297,633</u>	<u>252,165,642</u>
Net Current Assets	986,071,759	644,079,381	626,456,676
TOTAL FUNDS APPLIED	<u>2,717,950,198</u>	<u>2,212,643,332</u>	<u>2,238,263,000</u>

SELECTED EXPLANATORY NOTES
FORMING PART OF ACCOUNTS

1

As per our Report annexed

By the Order of Board of Directors

For N M RAIJI & Co.
Chartered Accountants

For Sonata Software Limited

CA Y N THAKKAR
Partner
Membership No 33329B RAMASWAMY
Managing Director & President

Mumbai 19th January, 2010

SONATA SOFTWARE LIMITED

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

	(Rs)				
	QUARTER ENDED	QUARTER ENDED	NINE MONTHS	NINE MONTHS	YEAR ENDED
SCHEDULE	31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.03.2009
INCOME					
Services (Net)	605,149,743	619,242,531	1,773,206,939	1,846,494,929	2,435,768,787
Other Income	4,297,952	1,623,960	13,569,695	9,358,472	10,530,957
Total Income	609,447,695	620,866,491	1,786,776,634	1,855,853,401	2,446,299,744
EXPENDITURE					
Salaries, wages and other staff costs	294,898,819	271,190,936	846,854,536	789,852,095	1,086,409,458
Other operating expenses	125,679,617	181,444,539	392,807,118	553,982,561	682,119,270
Interest	-	94,481	-	3,862,035	3,881,623
Depreciation	19,795,245	20,115,443	57,370,094	63,350,347	81,316,414
Provision for Doubtful Debts	-	-	21,073,432	-	11,537,756
(Increase)/ Decrease in Stocks	-	3,920,245	-	11,760,735	15,680,980
	440,373,681	476,765,644	1,318,105,180	1,422,807,773	1,880,945,501
Profit Before Tax	169,074,014	144,100,846	468,671,454	433,045,628	565,354,243
Provision for Tax	30,324,841	19,479,716	101,315,461	67,466,706	84,803,493
MAT credit	(24,898,707)	(14,765,518)	(76,814,867)	(46,316,180)	(61,237,382)
Fringe Benefit Tax	-	2,072,000	-	7,032,000	8,199,000
Profit After Tax	163,647,880	137,314,648	444,170,860	404,863,102	533,589,132
Add: Balance of Profit brought forward from previous period			1,307,131,399	1,018,088,962	1,018,088,962
Disposable Surplus			1,751,302,259	1,422,952,064	1,551,678,094
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			1,640,574,242	1,238,405,369	1,307,131,399
			1,751,302,259	1,422,952,064	1,551,678,094
SELECTED EXPLANATORY NOTES FORMING PART OF ACCOUNTS					
	1				
EPS - Basic (on Re.1 per share)	1.56	1.31	4.22	3.85	5.07
EPS - Diluted (on Re.1 per share)	1.56	1.31	4.22	3.85	5.07
EPS - Basic (Annualised) (on Re.1 per share)	6.22	5.22	5.63	5.13	5.07
EPS - Diluted (Annualised) (on Re.1 per share)	6.22	5.22	5.63	5.13	5.07

As per our Report annexed

By the Order of Board of Directors

For N M RAIJI & Co.
Chartered Accountants

For Sonata Software Limited

CA Y N THAKKAR
Partner
Membership No 33329B RAMASWAMY
Managing Director & President

Mumbai 19th January, 2010

SONATA SOFTWARE LIMITED**CONDENSED CASH FLOW STATEMENT**

(Rs)

		QUARTER ENDED	QUARTER ENDED	NINE MONTHS ENDED	NINE MONTHS ENDED	YEAR ENDED
		31.12.2009	31.12.2008	31.12.2009	31.12.2008	31.03.2009
Cash flows from operating activities	(A)	166,274,752	59,973,279	435,946,198	445,095,169	563,316,934
Cash flows from investing activities	(B)	72,537,323	(11,442,245)	(187,945,242)	(240,467,140)	(299,797,552)
Cash flows from financing activities	(C)	(110,728,017)	(61,610,045)	(110,728,017)	(139,196,278)	(262,246,996)
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	128,084,058	(13,079,011)	137,272,939	65,431,751	1,272,386
Opening Cash and Cash equivalents		148,816,733	216,866,227	139,627,852	138,355,466	138,355,466
Closing Cash and Cash equivalents		276,900,791	203,787,216	276,900,791	203,787,216	139,627,852

As per our Report annexed

By the Order of Board of DirectorsFor N M RALJI & Co.
Chartered Accountants**For Sonata Software Limited**CA Y N THAKKAR
Partner
Membership No 33329**B RAMASWAMY**
Managing Director & President

Mumbai 19th January, 2010

SONATA SOFTWARE LIMITED

SCHEDULE 1 : SELECTED EXPLANATORY NOTES FORMING PART OF THE ACCOUNTS

1. 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 and depreciation, investments, inventories, services, foreign currency transactions and retirement benefits.
2. Contingent liabilities in respect of Income Tax Rs. 15.79 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 8.79 crores out Rs 15.79 crores referred to in (a) above, and consequently the amount stands reduced to Rs 7.00 crores
3. During the period, the Company has taken credit under Section 115 JAA of the Income-Tax Act, 1961 of Minimum Alternate Tax amounting to Rs. 7.68 crores. This treatment is consistent with the generally accepted accounting principles and that followed by the Company.
4. The Company has received demands from the Income Tax department totaling Rs 35.94 crores (assessment years 2005-06 and 2006-07) 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 for 2005-06 and 2006-07 unsustainable.
4. Previous period's figures have been regrouped, wherever necessary to conform to current period's classification.

As per our Report annexed

For N M RAIJI & Co.
Chartered Accountants

By the Order of Board of Directors
For Sonata Software Limited

CA Y N THAKKAR
Partner
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B RAMASWAMY
Managing Director & President

Mumbai 19th January, 2010