



Sonata Software

Investor Presentation

Q1 2022



Sonata - A Snapshot



The Company

34 YEARS
as a IT Solutions
Provider

\$550+ M REVENUE
14% 3 Yr. CAGR

4200+ TEAM
across US, EU, Asia,
ANZ, Japan,
Malaysia, and China

**SEI CMMI L5, ITIL
& ISO** certified



Industry Focus

CPG & MFG
Consumer
Goods, Industrial
Goods,
Wholesale

RETAIL
Apparel, Hard
Goods, Grocery,
Hypermarket

TRAVEL
TO, OTA,
Airline, Rail,
Hotel, Cruise

SERVICES
Energy & Utilities,
Oil & Gas, Specialty
Contractors &
Professional Services

**AGRI &
COMMODITY**
Agri manufacturers
& commodity
Traders

**SOFTWARE
VENDORS**
ERP, SCM,
Retail, Travel



Competencies

DIGITAL
Omni-channel, Mobility &
IoT, Analytics, Cloud

**APPLICATION LIFECYCLE
SOLUTIONS**
ADM, Testing, IMS
Managed Services

PLATFORM IP
Brick & Click Retail,
Rezopia Digital Travel,
Modern Distribution

**TECHNOLOGY
INFRASTRUCTURE
SOLUTIONS**
Software, Cloud, Server &
Storage, Systems Integration



Credentials

CUSTOMERS
Global Top 5 – Leisure
Travel Co, Grocery Retailer,
F&B CPG Co, Software Co

TECHNOLOGY
Microsoft, SAP, Oracle,
Open Source, IBM

**Strategic acquisitions
and investments**
Microsoft – Inner Circle,
SAP Pinnacle Award,
Microsoft Country Partner
of Year India

FINANCIAL
National Stock Exchange
Listed Public Ltd Co

A Global IT Solutions Organization, with focused Industry Verticals, versatile Portfolio of Services covering wide range of Technologies and delivering value through our unique Platformation™ approach



A world class firm
that is a benchmark for
Catalyzing Business
Transformation for our Clients,
Fulfilling Employee
Aspirations &
Caring for our wider
Community

through Depth of:
Thought Leadership
Customer Centricity
Execution Excellence



For the Customers

IT Partner of choice for transformation
thru deeper industry, technology &
customer focus



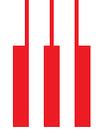
For the Employee

A fun & fearless environment where the
potential & passion for work flourishes

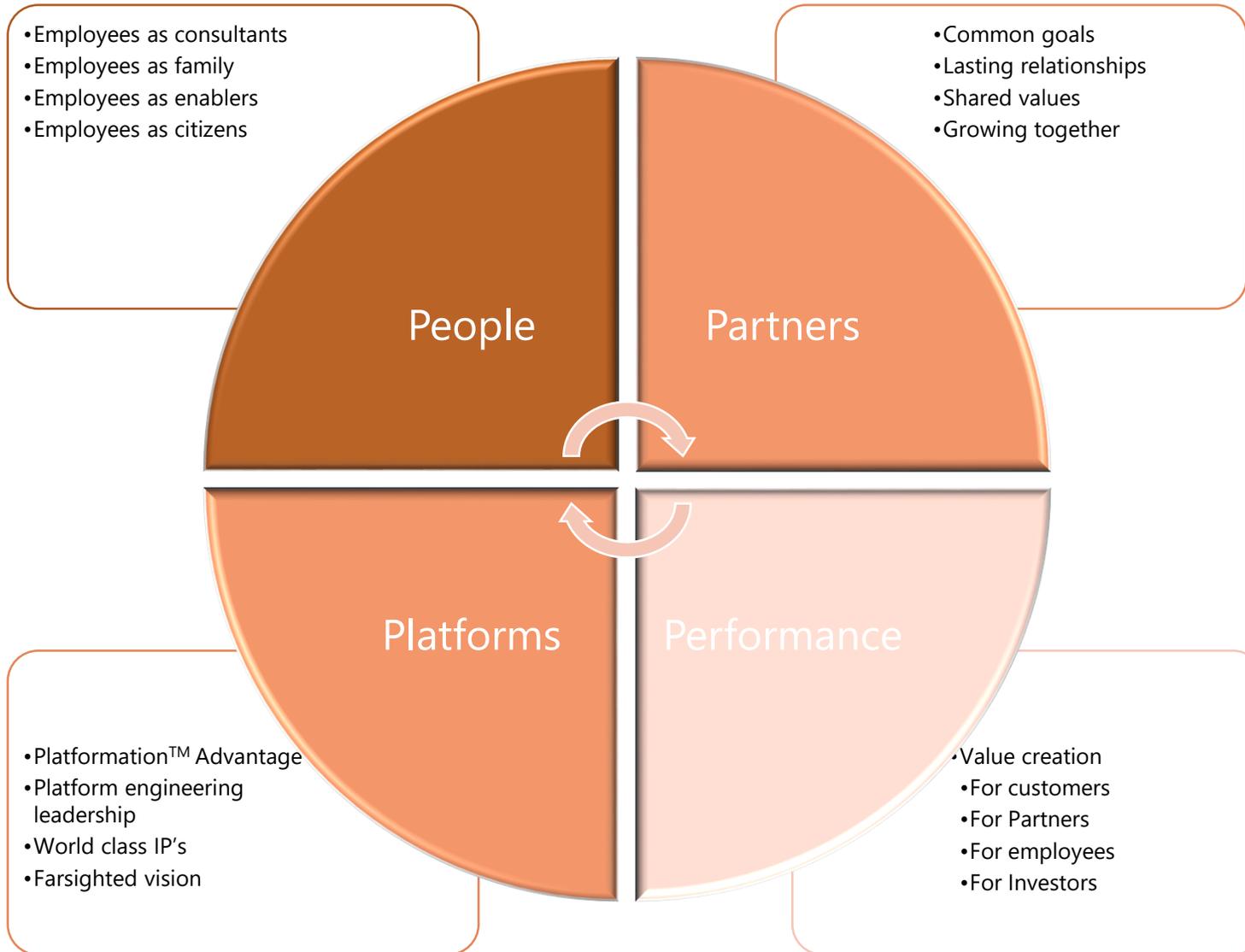


For the Community

CSR initiatives to support IT needs of
projects with Social impact



Sonata – In 4 'P's



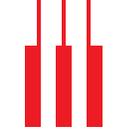


Vertical Focus

- Retail, travel, Distribution & CPG, ISV, Commodity Trading, and Services Industry – Field Services
- IP – Brick and Click, Modern Distribution, Agri Business, Rezopia, Service Industry, GBW
- Platform led Digital Transformation
- Track record

What is different about Platformation™ as a tool for Digital Transformation

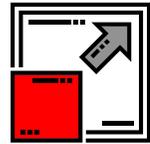
- Sonata's structured process for Platformation comprises the following :
 - Digital Business Process Library & Identification
 - Customer Digital Agenda led based approach
 - Platform Maturity Assessment (Separate Business & Technology maturity assessment)
 - Marchitecture™ aligned to CDAT
 - Platform Characteristic Requirements (With a 16 point Framework)
 - Technology Architecture to achieve the Platform Characteristics
 - Cloud Engineering (Cloud Native Development)
 - Data Platformation Methodology (Structured Assessment of Data Infrastructure & Platform)
 - Accelerated Platform Engineering (Solution Accelerators)
 - IPs aligned to Platformation™
- 4 Years of Proven Success, Only methodology that remains relevant in an ever-evolving landscape for a company looking at digital transformation



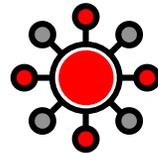
Platforms - the secret behind the digital economy's most successful companies



OPEN



SCALABLE



CONNECTED



INTELLIGENT

Sonata's approach to Digitizing business using platforms

PLATFORMATION™



Sonata READY

- End-to-end, industry-specific digital business platforms

Omni channel reservation system for a large Australian rail network built on a travel platform ensuring seamless booking experience

Sonata ACCELERATE

- Deploy popular horizontal platforms adding required functionality

Versatile retail store and e-Commerce integration for a US fashion brand ensuring scalable, omnichannel shopping experiences

Sonata CUSTOM

- Engineer custom platforms that deliver unique digital capability and scalability

A US-based travel company innovating on membership-based business models, increasing bookings by 200%, and scaling service 6X



Focused approach

- Industry Specialization
 - Retail, travel, distribution & CPG, ISV, Commodity Trading, and Services Industry – Field Services
- Expertise through IP's
 - Brick and Click, Modern Distribution, Agri Business, Rezopia, Service Industry, GBW
- Proprietary & proven approach to Digital Transformation
 - Platform led across Data, Cloud, Modern Technologies, Mobility, Digital Assurance, Devops

Global Full Stack Microsoft Partner aligned to the Digital Transformation vision

30 Years

MICROSOFT PARTNER

GISV, ISP, CSP, ISV Dev Centre, SI.
Country Partner India 2014, 15, 17.
Global alliance footprint

18 Gold certified & 8

Advanced specializations

Skills in Dynamics 365, Azure,
Power BI, Cortana, .Net,
Mobility

360° Partnership

Product Engineering,
Professional support, Delivery,
LSP partner for MS, MCS and
ISV/SI ecosystems.

INDUSTRY

**DIGITAL TRANSFORMATION
for**

Retail, Consumer goods,
Distribution, Agri Products,
Field Service, Travel, ISV

PLATFORM IP

ON MS DYNAMICS & AZURE

Brick & Click, Modern
Distribution, Commodity
Trading, Rezopia,
Kartopia, Halosys, Rapid

STRATEGIC

ACQUISITIONS

Scalable Data Systems, Sopris
Systems, Encore Systems, GBW,
& IBIS Inc

2500+ TEAM

On Microsoft Technologies
with
1200 + on Microsoft Biz Apps

Clients

ACROSS THE GLOBE

USA, Europe, Asia, India,
Australia, Middle East

Recognition and Awards

Inner Circle member 2021-22,
Partner of the Year, India for
BizApps 2021-22



Delivering value through our innovative engagement models



Customer-Specific Center of Excellence

- Governance
- Leadership role
- Strategic metrics



- Value Co-creation
- SLAs and outcomes
- Co-investment in IP

TECHNOLOGY | SKILLS | ASSETS | PROCESSES

Charter ▶ Domain Knowledge | Technical Knowledge | Knowledge Management | Innovation | Process & Capability | Reusability

Commercial Models: Project-based | Outsourced | Output-based
Build-Operate-Transfer | Turnkey-managed | Joint Venture

With a team nurtured to **make a difference**



<p>Deeper roles</p>	<p>Regular exposure to newer technologies, evolving business scenarios, and building cross-functional expertise</p>
<p>Customer impact</p>	<p>Continuous exposure to clients to assess business impact of solutions delivered</p>
<p>Freedom to contribute</p>	<p>Our flexible working style encourages ideation within broad boundaries</p>
<p>Growth</p>	<p>Early identification, mentoring, and nurturing of talent for growth by senior leaders</p>

“ We need to take a pause and appreciate the drive and determination we have seen from every player on what is a complex effort and delivery. We commend you all for your effort...keep up the good work! ”

Director – Platform Systems, US Travel Leader



Financials



International Services

- Platformation™ led growth
- IP led growth
- Alliance led growth
- Deeper revenue mining from existing clients leading to faster growth
- Acquiring new clients
- Strong sales hunting leading to acquiring of new clients
- Margin levers -platformation driven execution, onsite and offshore mix, utilization and revenue per person
- High-end service mix
- Digital execution and growth
- Consistent growth in revenues & margins over 9 years.

Domestic Business

- Strong Customer Retention
- Established Customer Base
- Strategic shift towards cloud
- Addition of new strategic business lines for expansion
- Multi year annuity license sales
- Very strong credit and risk management
- Business managed on strong gross margin growth leading to good Profitability
- Consistent positive cash flow with zero working capital investment
- Globally leading ROCE and ROE

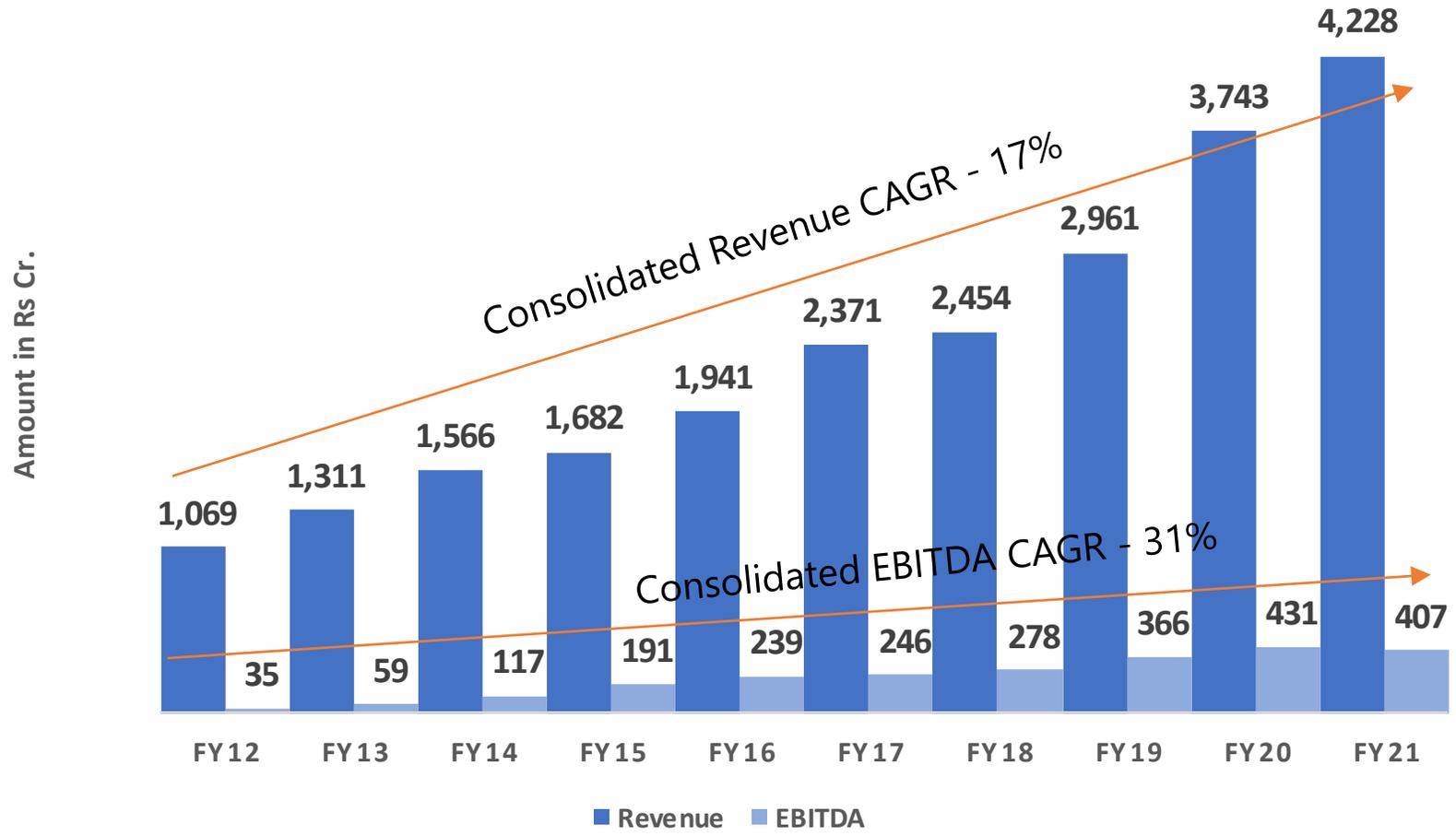


Financial Management

- Focus on high revenue rate realization and high margins business
- Focus on Reduction of DSO days
- Very strong positive cash generation and cash position
- Industry leading ROCE and ROE
- Sound capital allocation

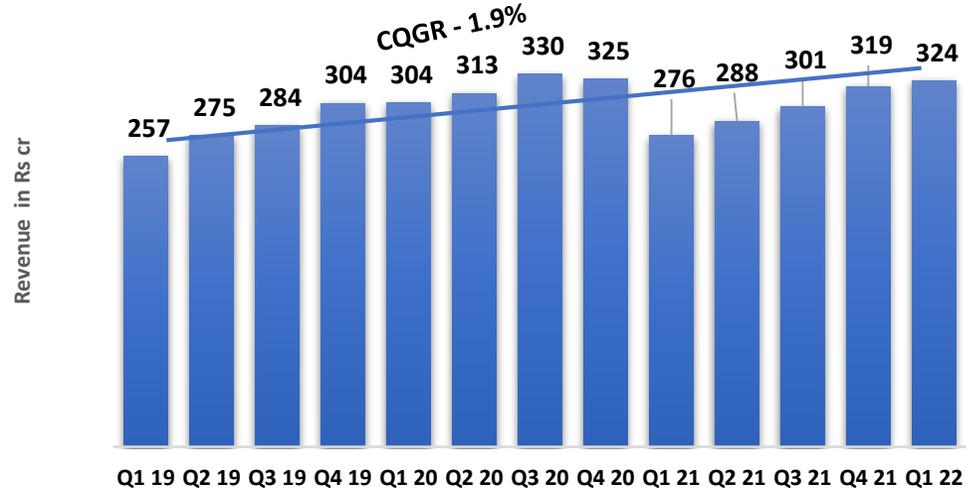
Consistent Growth Over Last 10 years

Consolidated Revenue & EBITDA

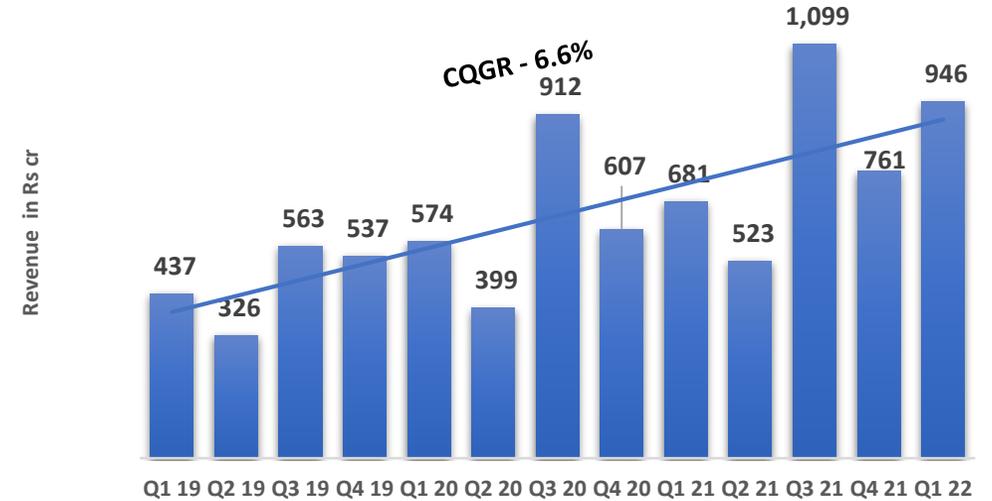


Revenue trend for last 12 Quarters

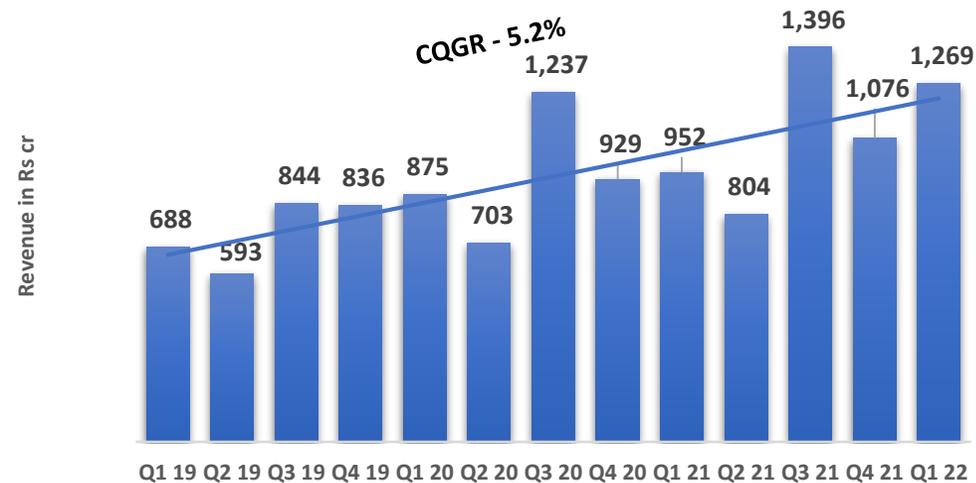
International Services



Domestic Business

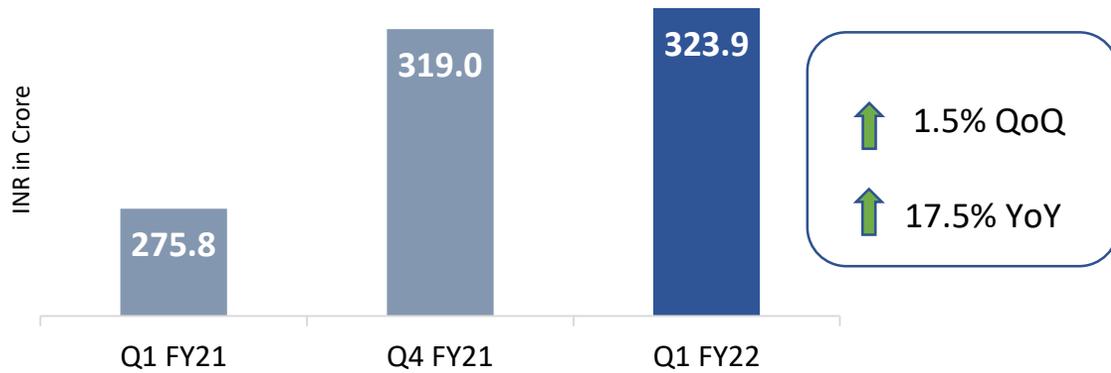


Consolidated Business

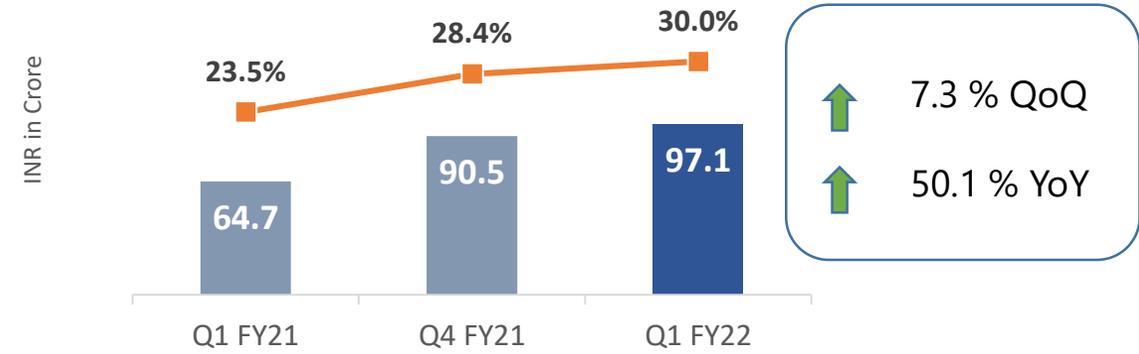


Financial Performance of International Services – Q1 FY22

Revenue in INR. Cr



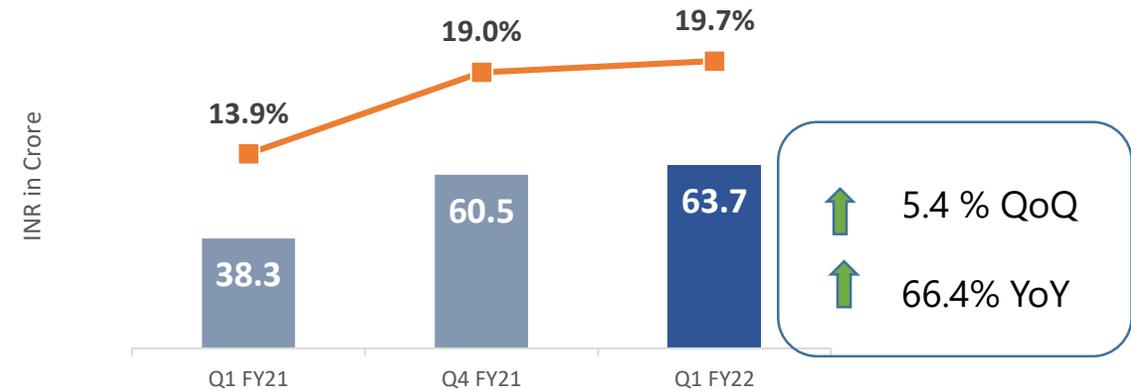
EBITDA



Revenue in \$ Mn

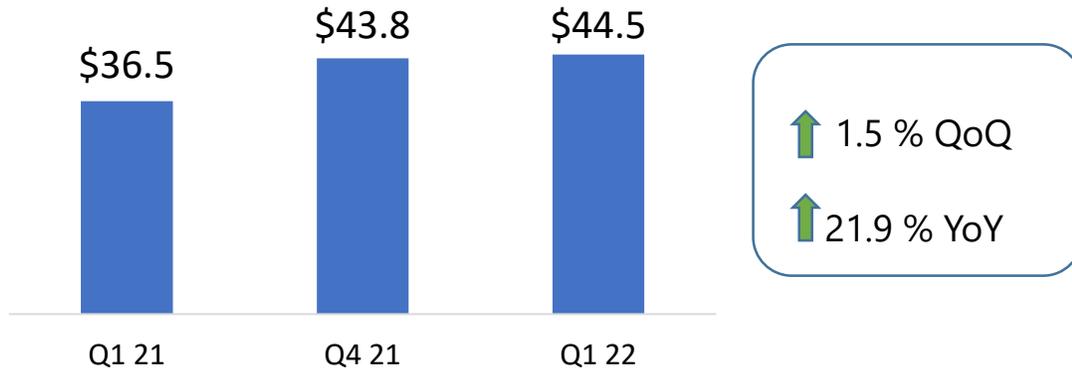


PAT

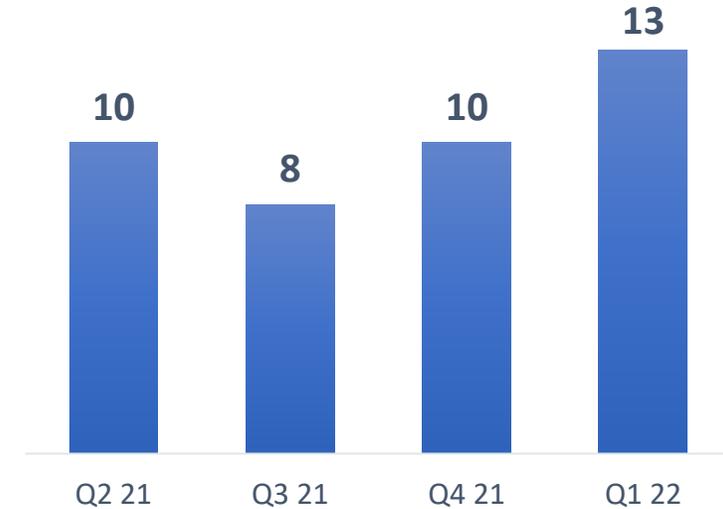


International Business Revenue Growth

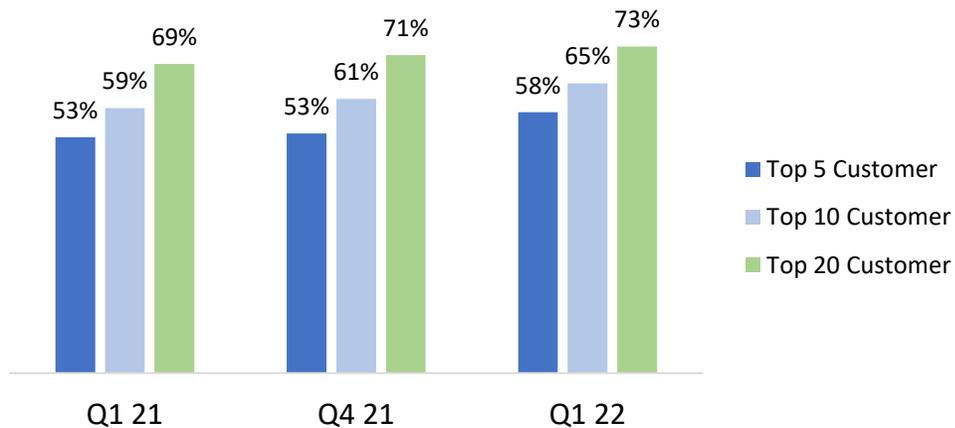
Revenue in \$Million



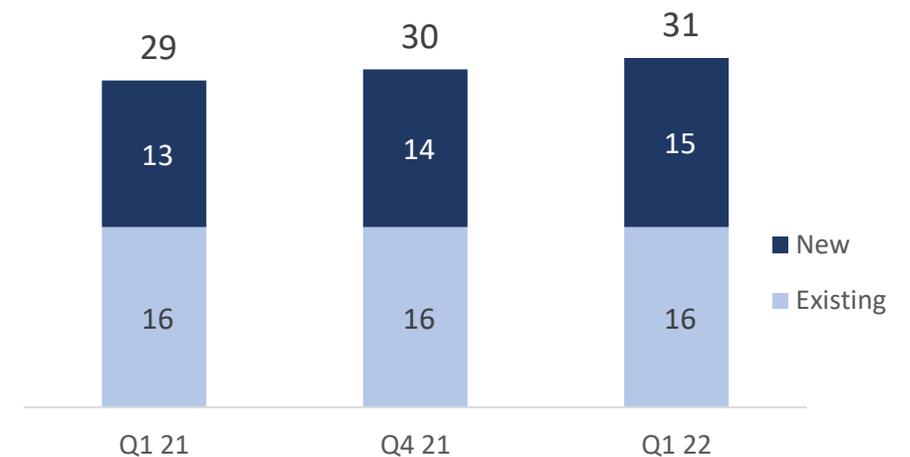
New Customer added



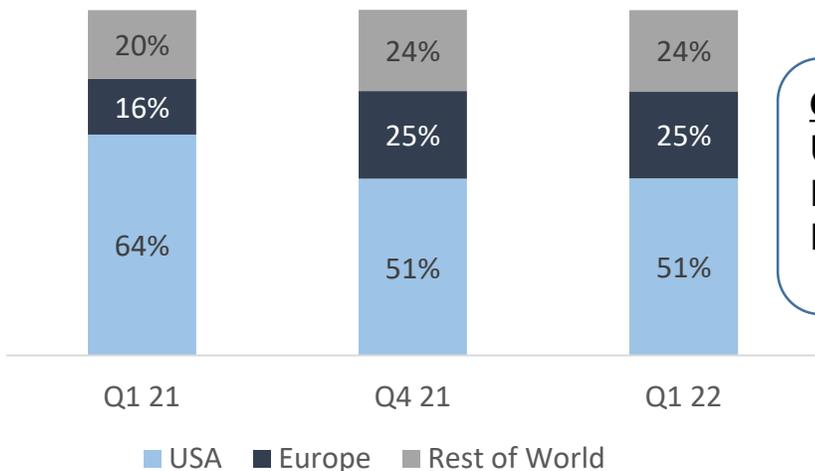
Client Concentration



No. of \$Million Customers



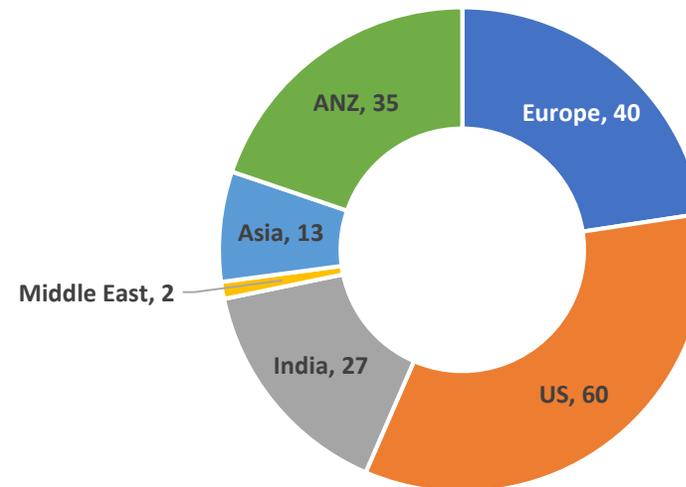
Revenue by Geography



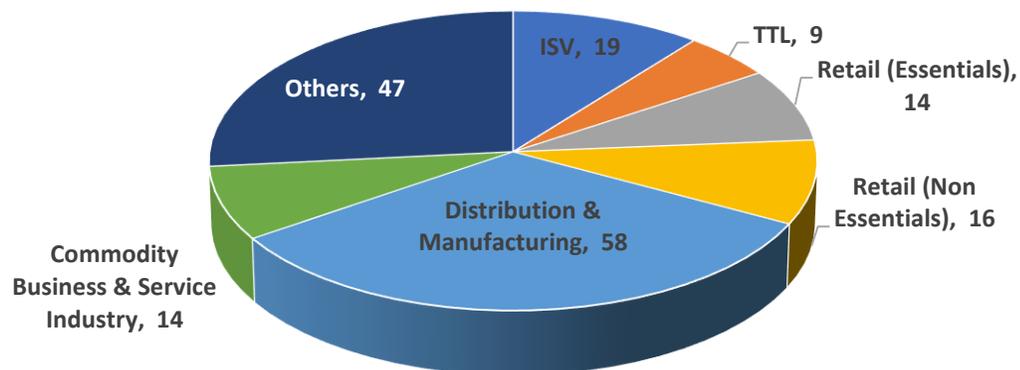
QoQ Growth

USA – **1.7%**
 Europe – **0.5%**
 ROW – **2.1%**

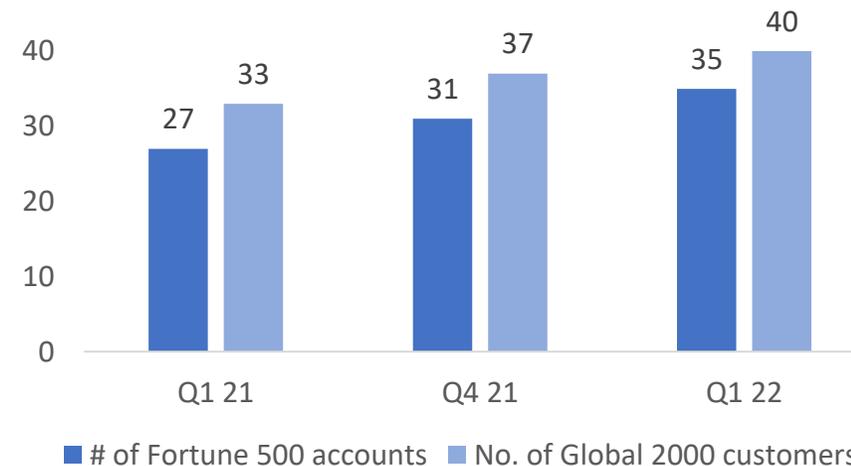
No. of Customers by Geo



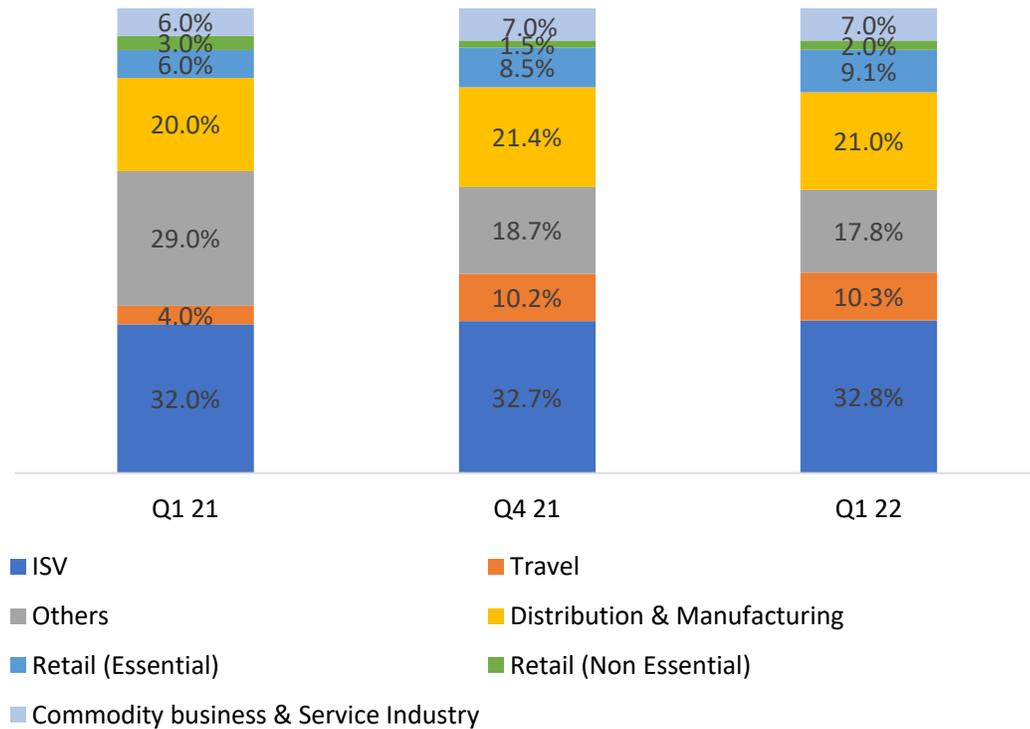
No. of Customers by industry



Customer Category



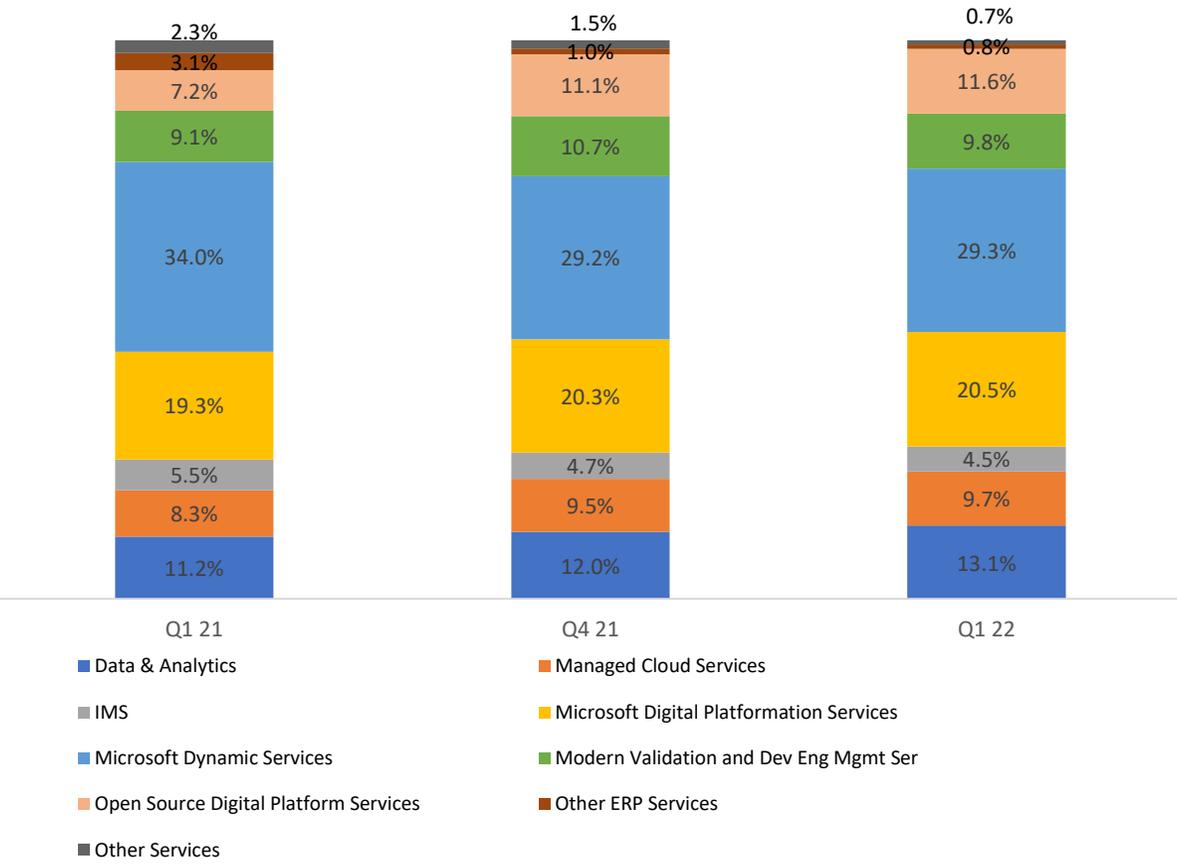
Revenue by Vertical Mix



Vertical	QoQ Trend			
	Q2'21	Q3'21	Q4'21	Q1'22
Commodity business & Service Industry	-13.5%	24.3%	7.1%	1.1%
Distribution & Manufacturing	-2.3%	7.6%	11.8%	-0.5%
ISV	-4.6%	14.7%	9.2%	1.9%
Others	10.6%	-11.5%	-5.7%	-3.5%
Retail (Essential)	62.4%	13.7%	13.7%	8.7%
Retail (Non Essential)	-34.5%	-39.6%	24.7%	35.4%
Travel	-60.1%	5.2%	9.1%	2.9%

QoQ Growth from focussed verticals
 ISV – 1.9% , Retail(Essential) – 8.7%
 Distribution and Manufacturing – (0.5%)
 Commodity business & service industry – 1.1%

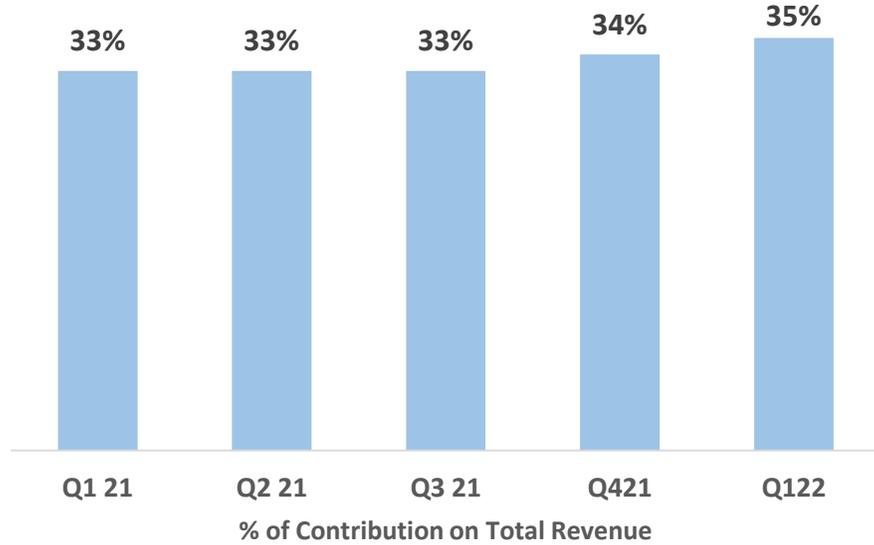
Revenue by high end Service Mix



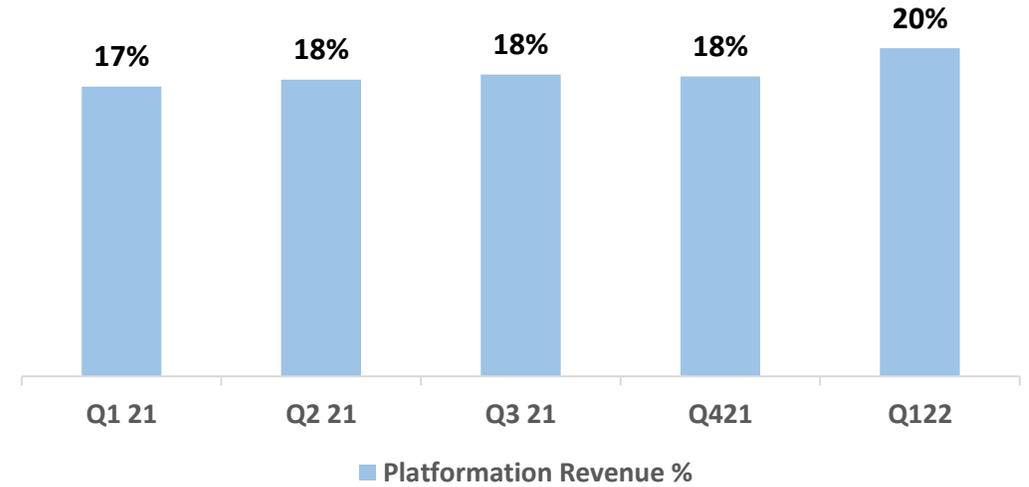
Service Mix	QoQ Trend			
	Q2'21	Q3'21	Q4'21	Q1'22
Data & Analytics	18.6%	1.7%	7.1%	10.9%
Managed Cloud Services	8.4%	13.1%	12.3%	3.4%
IMS	8.2%	-7.3%	1.8%	-2.8%
Microsoft Digital Platformation Services	5.9%	9.1%	9.1%	2.5%
Microsoft Dynamic Services	-12.2%	5.8%	11.1%	1.9%
Modern Validation and Dev Eng Mgmt Ser	43.4%	0.5%	-2.3%	-6.8%
Open Source Digital Platform Services	41.7%	15.7%	12.2%	6.1%
Other ERP Services	-21.6%	-20.0%	-37.9%	-18.8%
Other Services	15.0%	-15.3%	-19.1%	-52.0%

QoQ Growth from Digital based competencies
 Managed cloud services – 3.4%
 MSFT Digital Platformation services 2.5%
 Open source Digital platform services – 6.1%

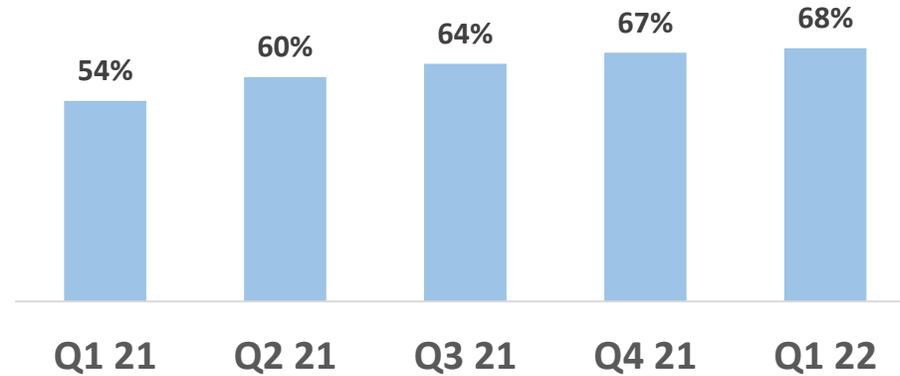
IP Led Revenue %



Platformation™ Revenue %



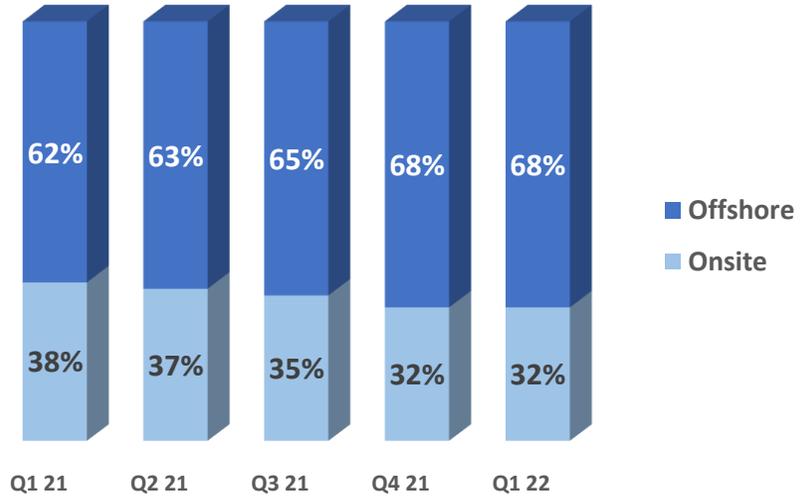
Digital Revenue %



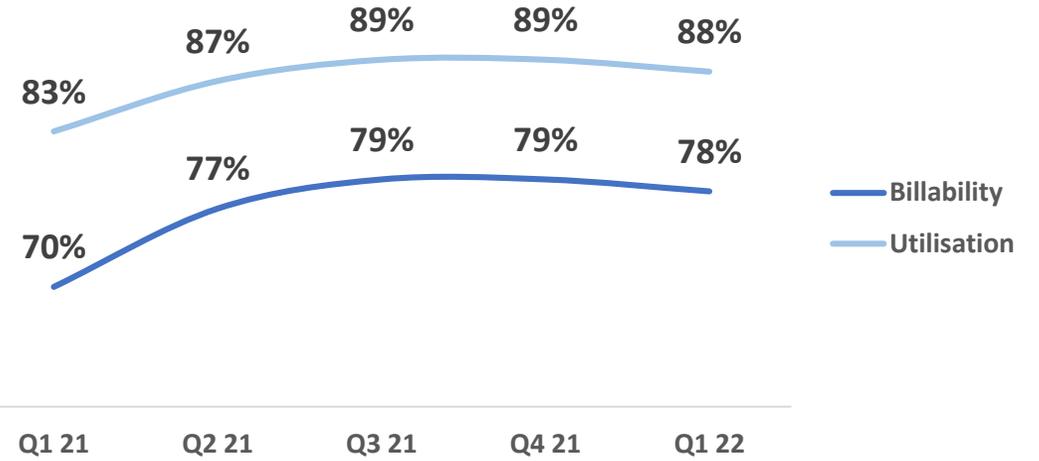
IP led & Platformation aligned to growth in competency wise growth

International Business - Revenue Enablers

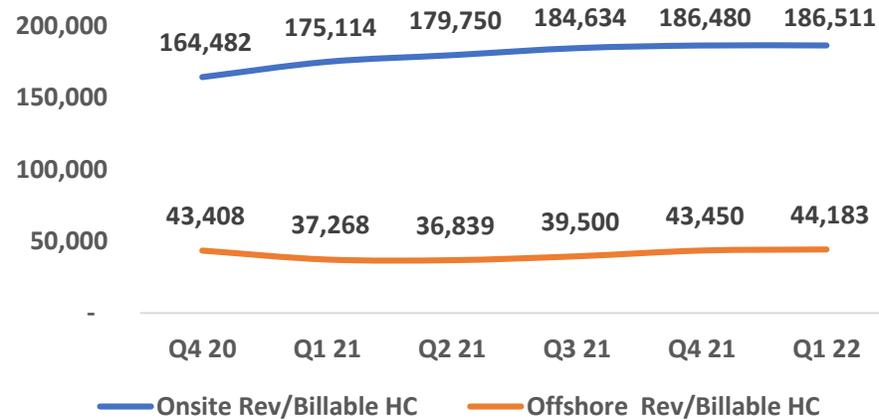
Revenue by Onsite / Offshore Mix

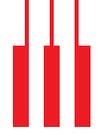


Utilization & Billability



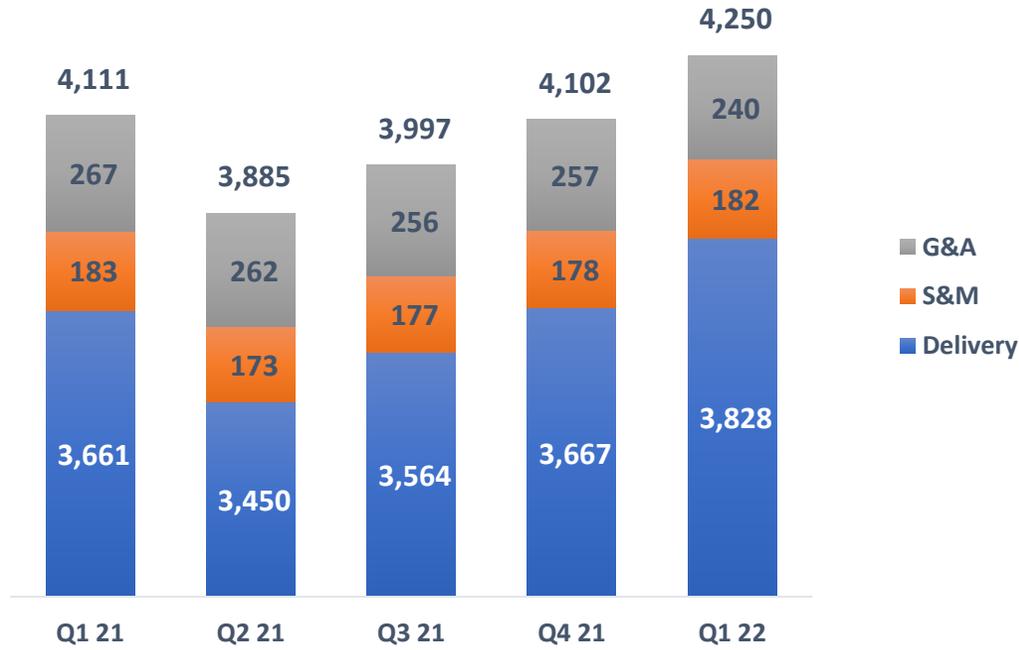
Revenue per Billable HC



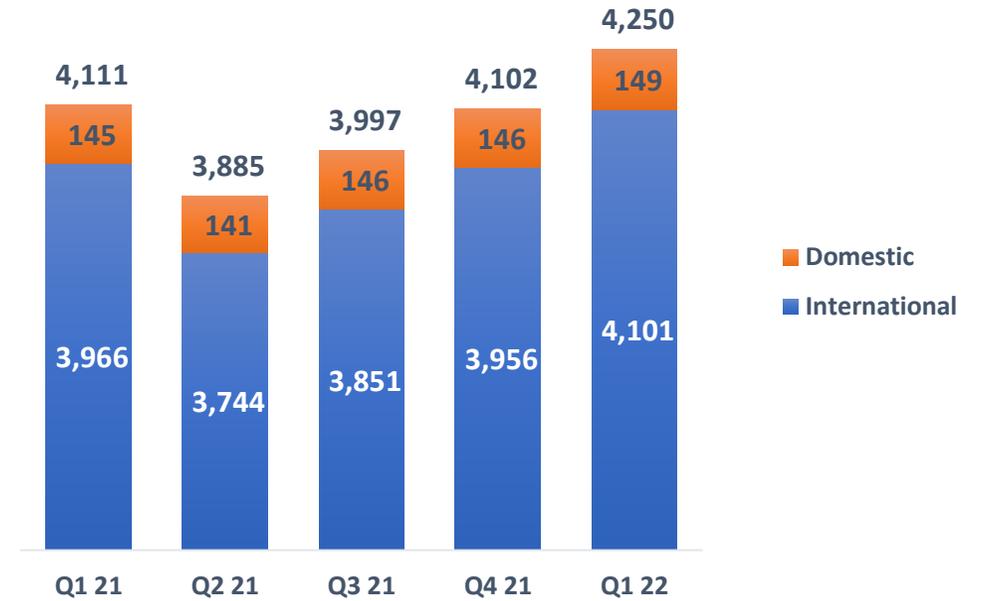


Human Capital

Overall Headcount

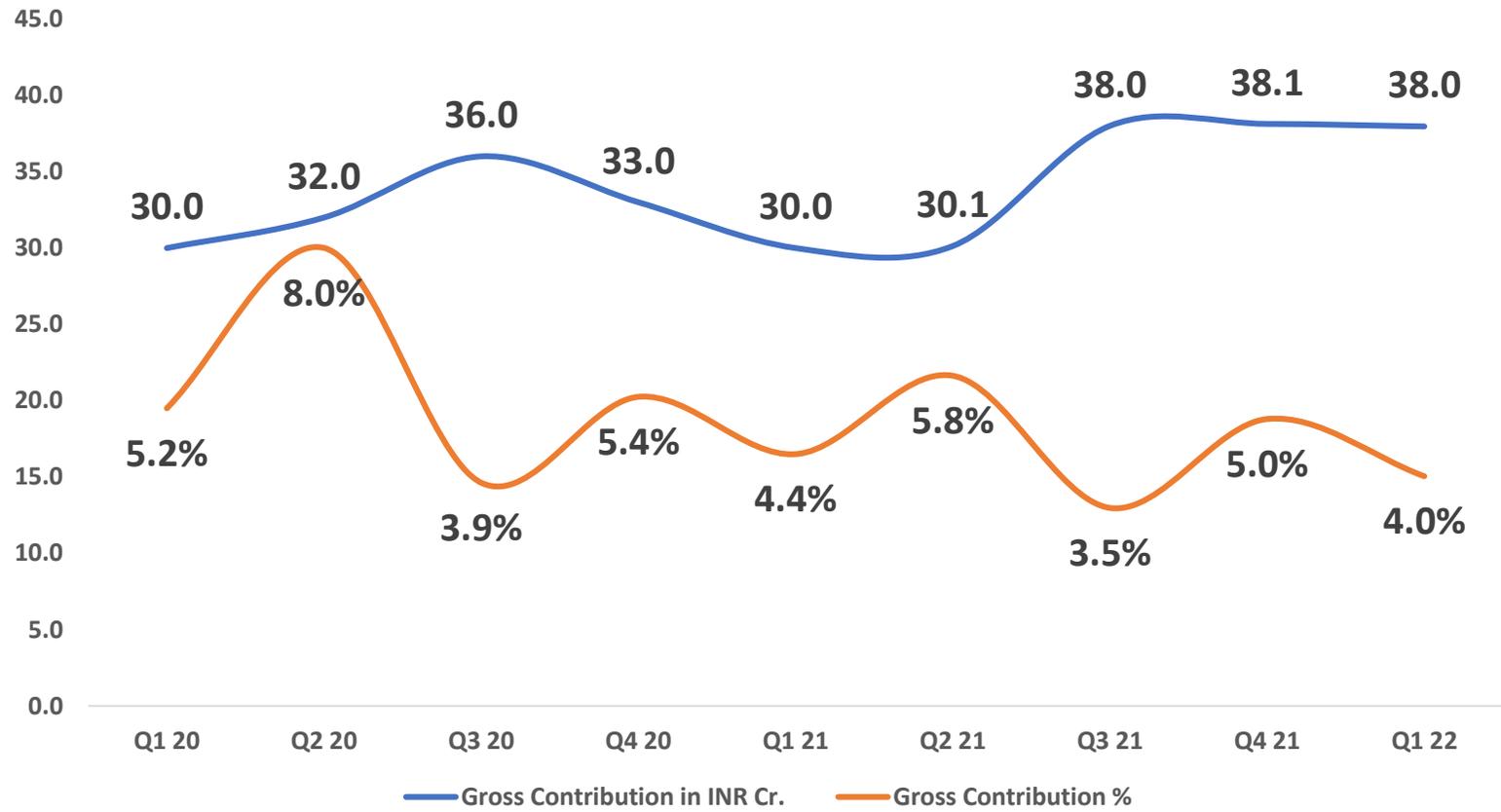


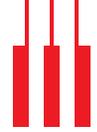
Headcount by Business Type





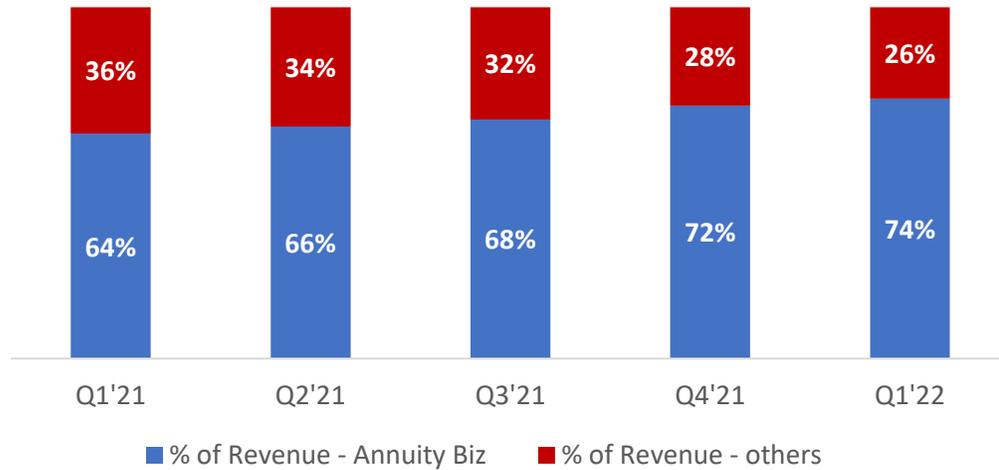
Domestic Business – Gross Contribution



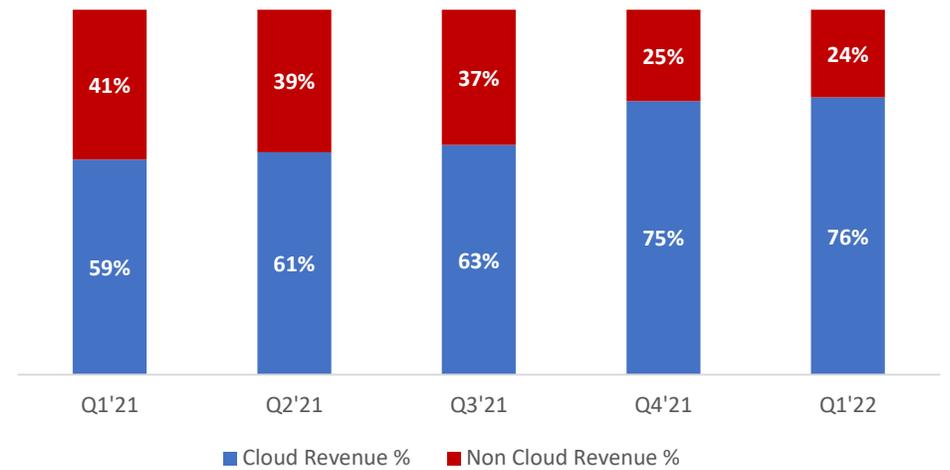


Domestic Business - Revenue

Domestic Revenue (Annuity/Others)



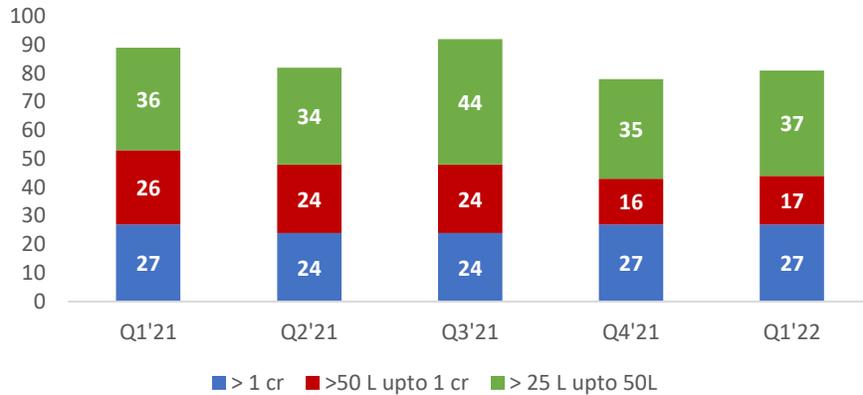
Domestic Revenue (Cloud/Non Cloud)



Domestic business major revenue contribution from multi year annuity enterprise sales

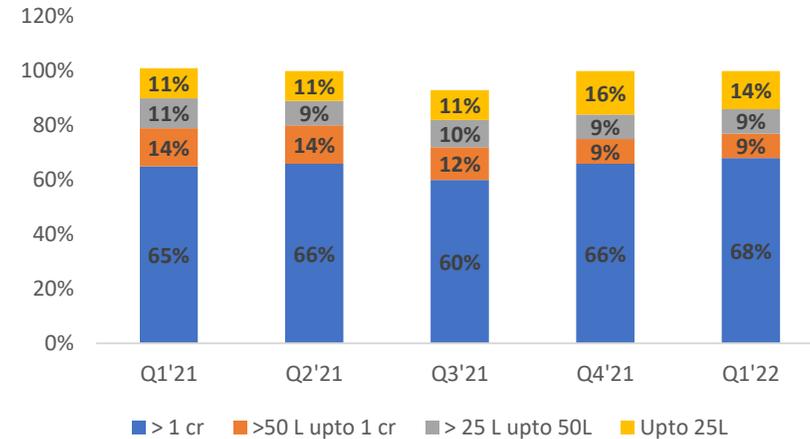
Domestic Business - Gross margin Analysis by customers

Domestic Customer Count



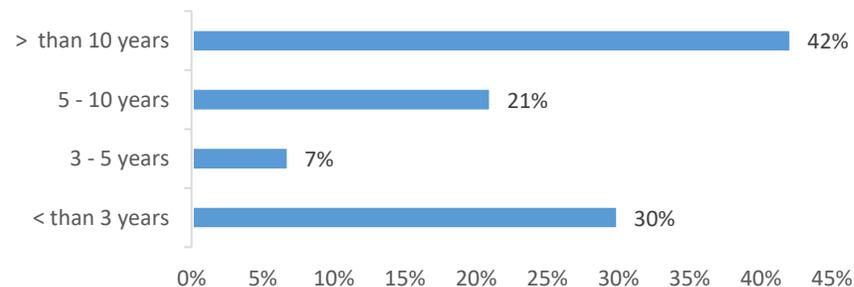
Calculated based on annualized GC

Domestic Customer by GC %



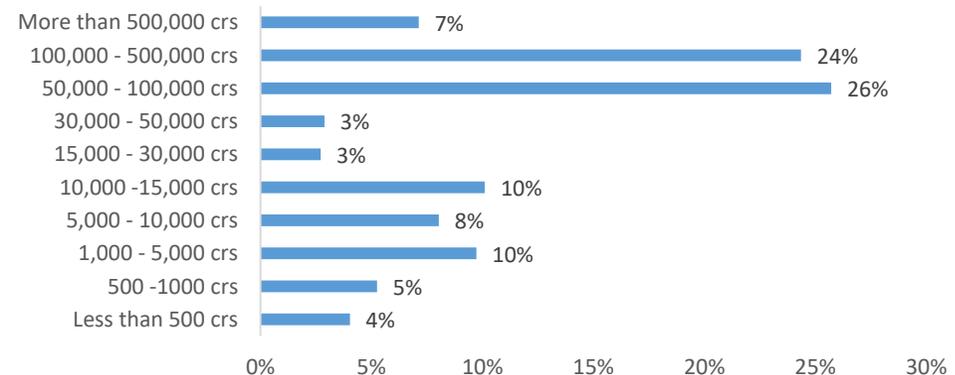
Gross Margin Analysis

in terms of number of years of Association



Gross Margin Analysis

in terms of Customer's revenue



Top ~ 81 customers contribute to about 80% of Gross Margin

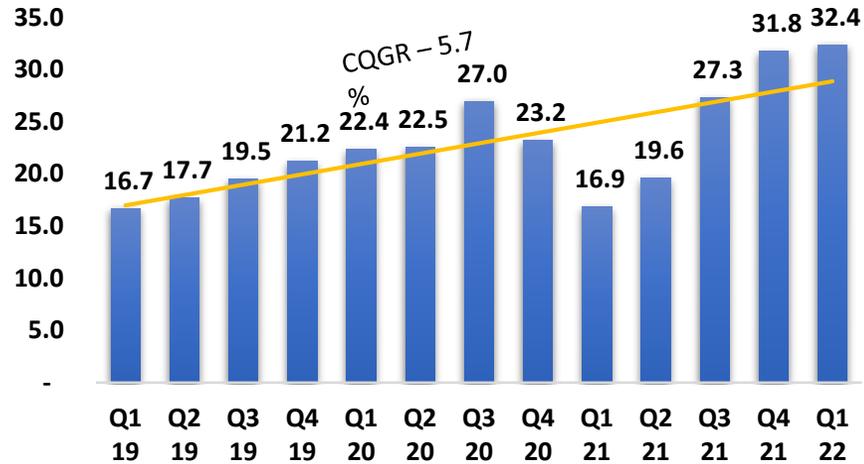
Strong customer retention - ~ 63% if Gross Margin contributed from customers associated for more than 5 years

Established customer base - ~82% Gross Margin from customers with revenue greater than 1,000 crs

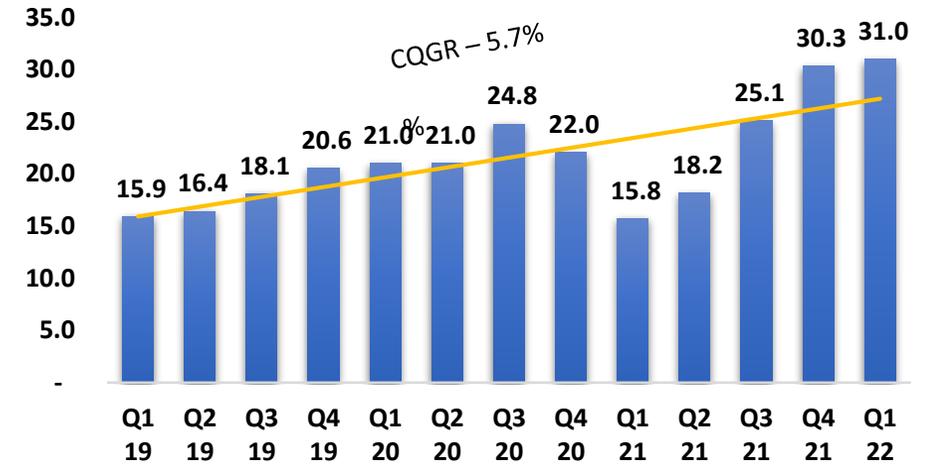
EBITDA, PBT and PAT – last 12 Quarters

Domestic Business

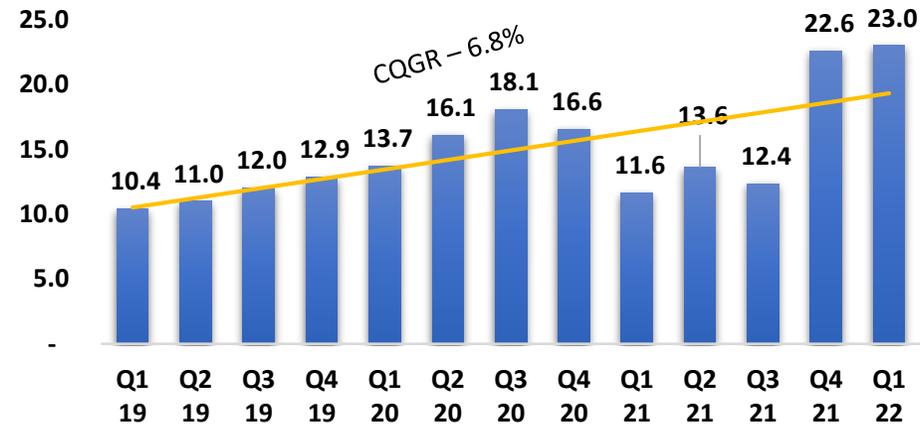
Domestic Business EBITDA

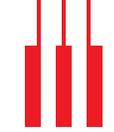


Domestic Business PBT



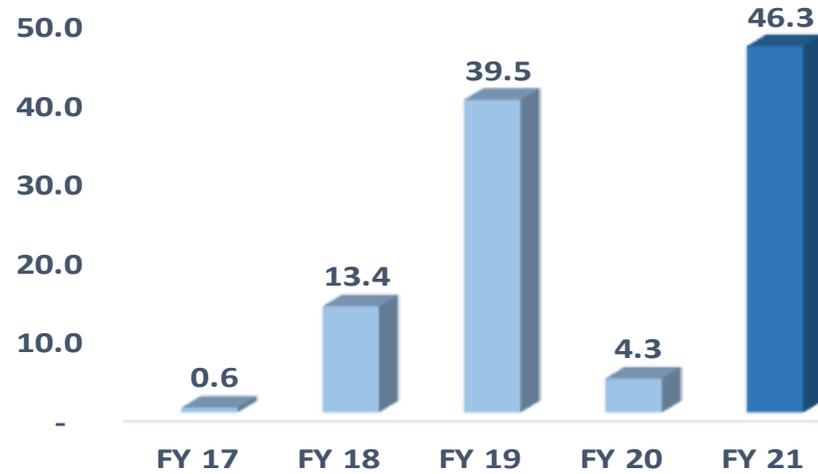
Domestic Business PAT



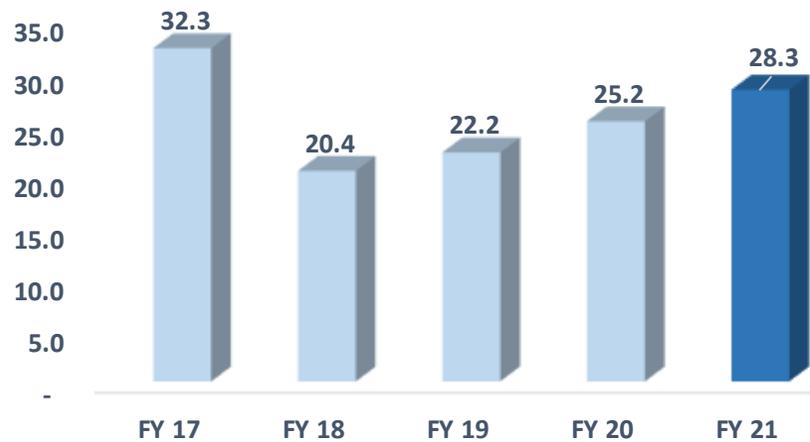


Strategic Investment

M&A Investment



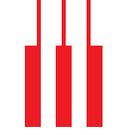
IP & R&D Investment



S&M Investment

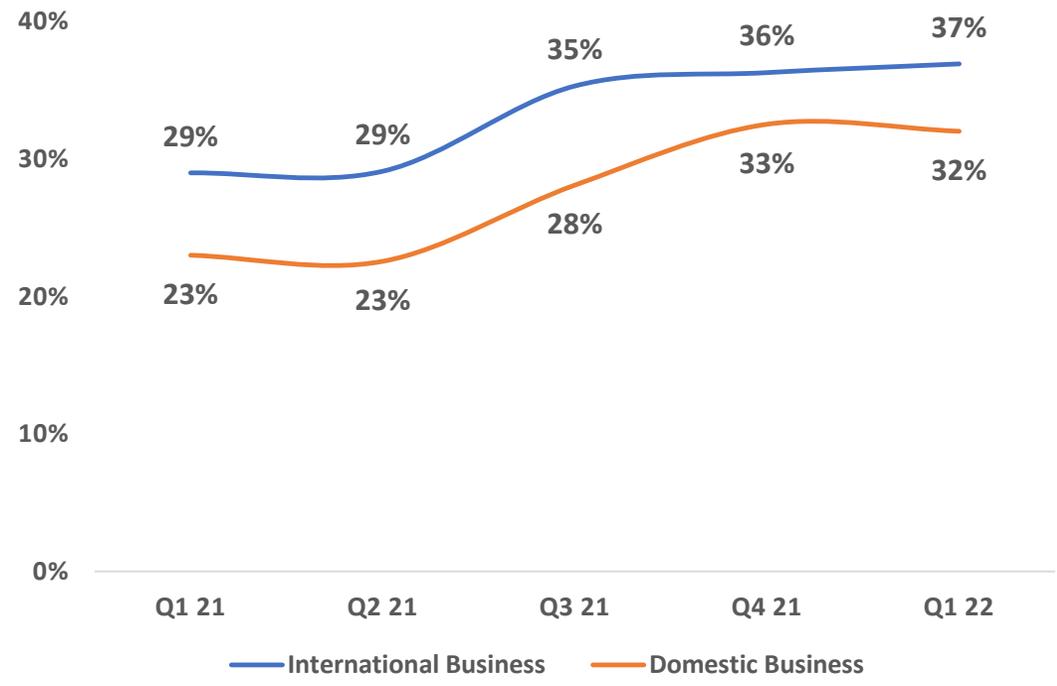


Lower S&M cost in FY21 due to reduction in travel cost

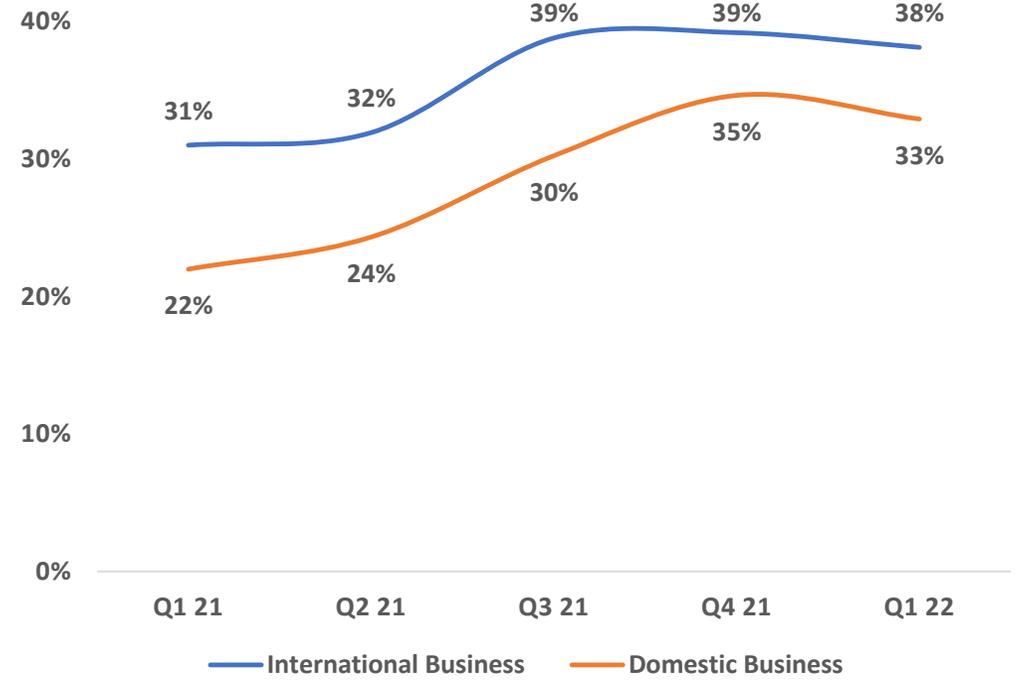


International and Domestic ROCE & RONW

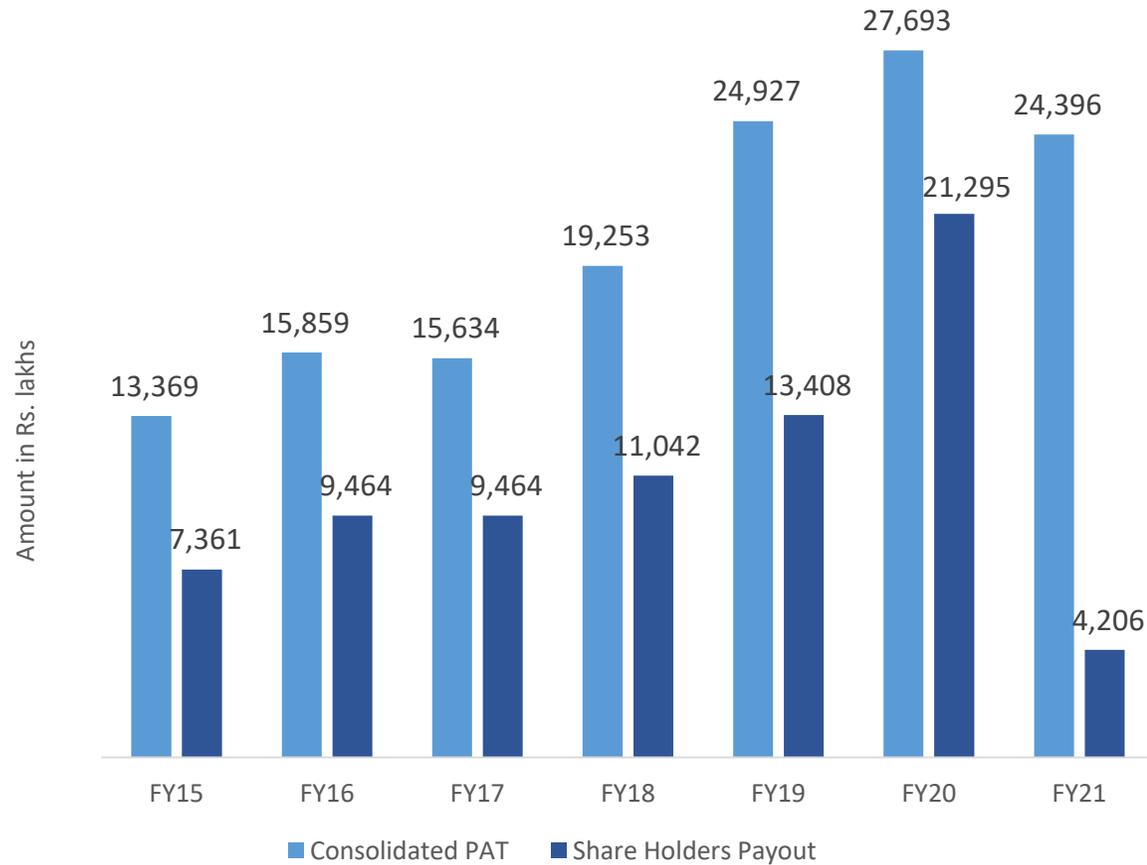
ROCE



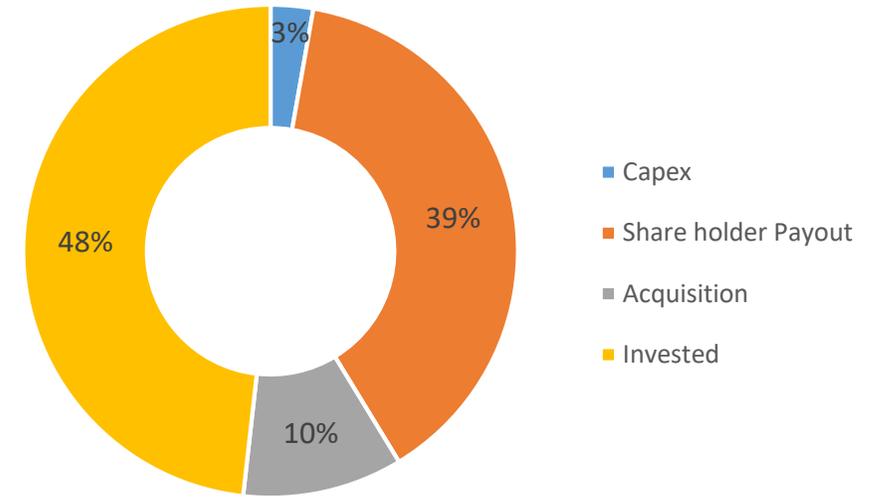
RONW

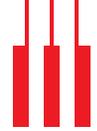


Capital Allocation



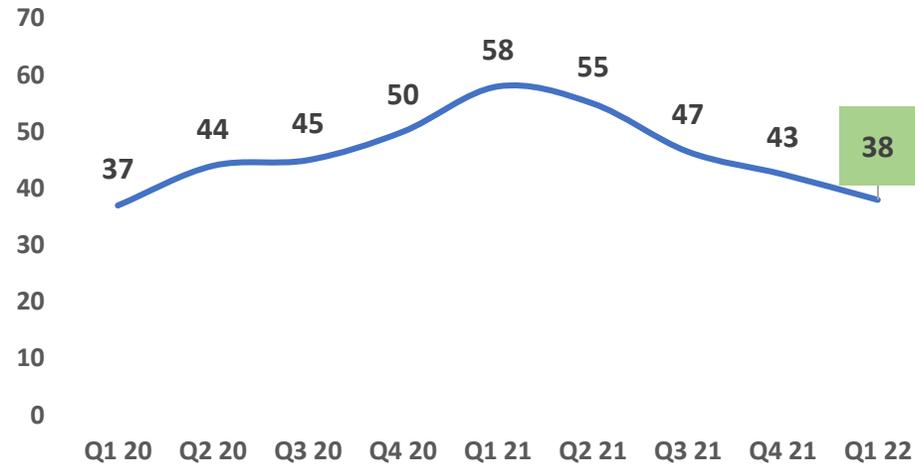
Cash Deployment



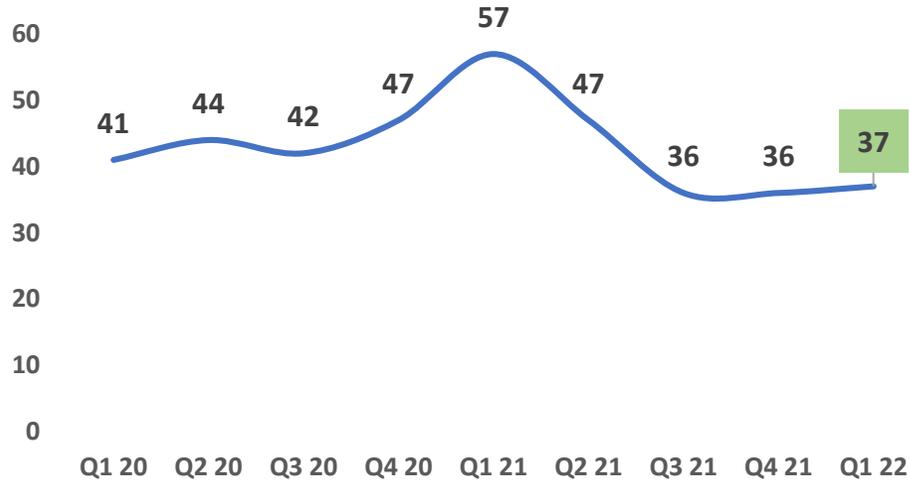


Days Sales Outstanding

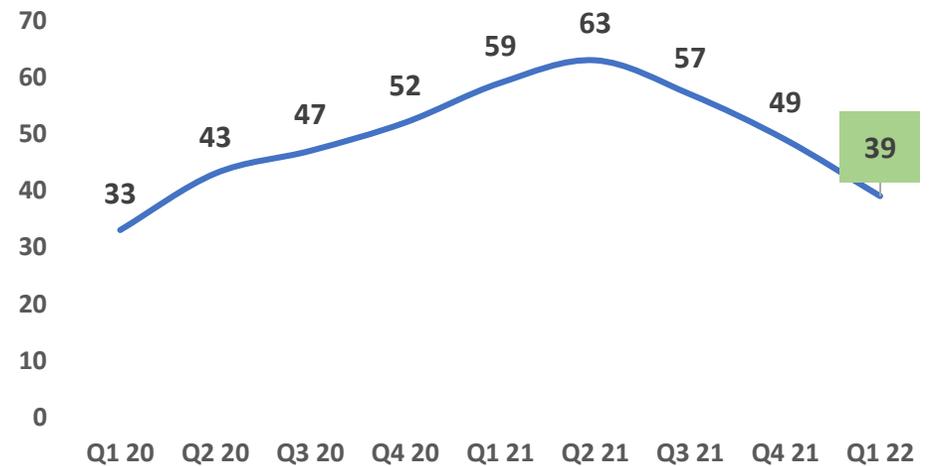
Consolidated DSO



International Services DSO



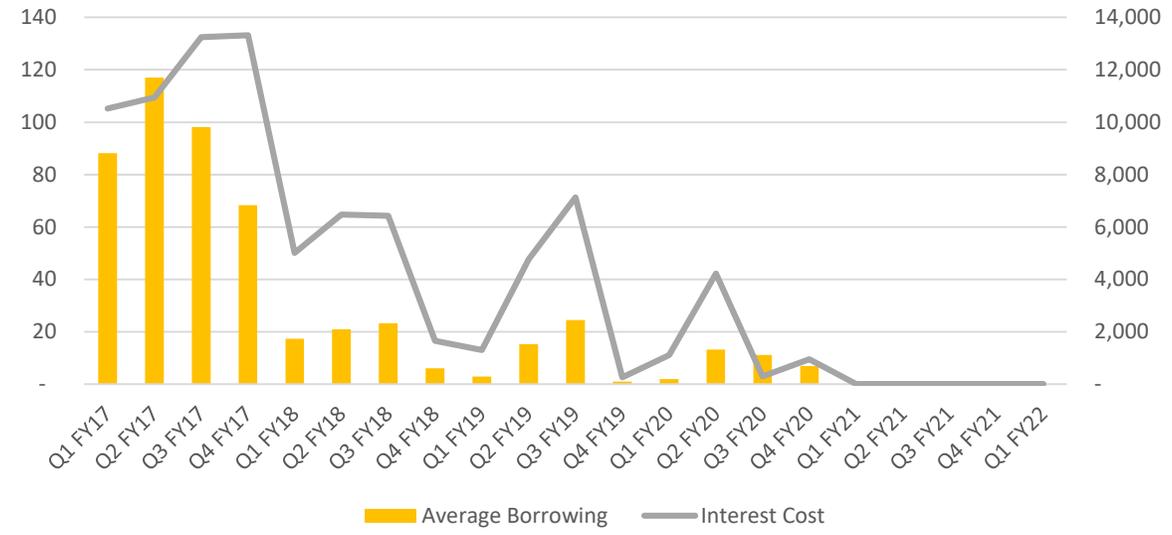
Domestic Services DSO



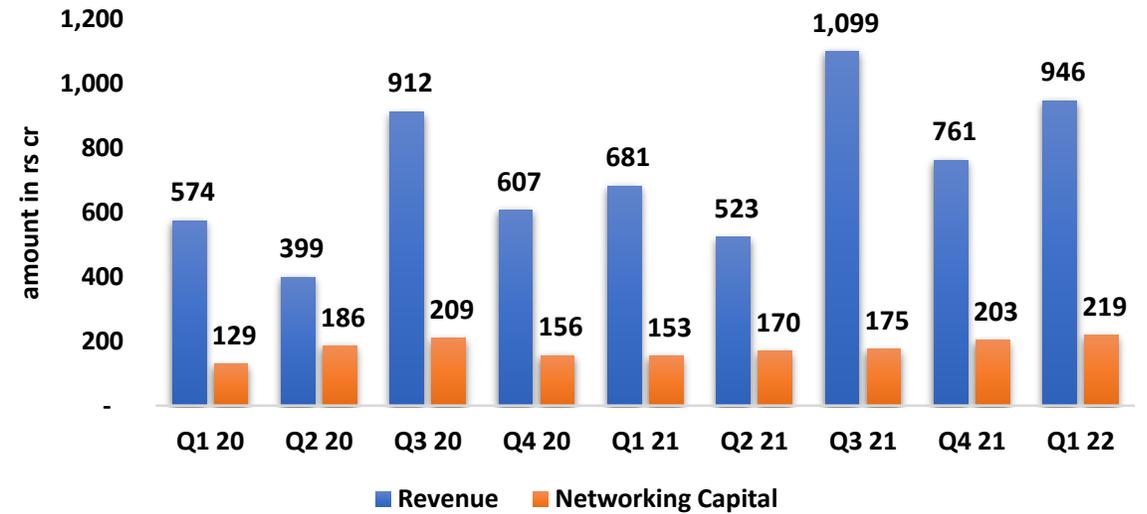


Credit Management – Domestic Business

Average Borrowings & Interest Cost



Domestic Business





Thank you

