



Sonata Consolidated Q2 FY12 Net Profit at Rs. 9.08 Cr Declares Interim Dividend of 50%

Mumbai, November 04, 2011

Leading Indian software solutions company, Sonata Software Ltd. reported its audited financial results for the quarter and half year ended 30th September 2011.

Highlights:

Sonata Software Ltd. – Stand Alone for the quarter

- o Revenue at US\$ 11.48 Mn (US\$ 14.25 Mn)
- o Revenue at Rs. 53.83 Cr (Rs. 65.77 Cr)
- o Net profit at Rs. 3.36 Cr (Rs. 15.20 Cr)
- o Earnings per share (Annualised) at Rs. 1.28 (Rs.5.78)

Sonata Software Ltd. – Consolidated for the quarter

- o Revenue at Rs. 384.92 Cr (Rs.391.14 Cr)
- o Net profit at Rs. 9.08 Cr (Rs.25.04 Cr)
- o Earnings per share (Annualised) at Rs. 3.44 (Rs. 9.52)

** Figures shown in brackets pertains to relevant period of Previous year*

Key Highlights :

This quarter, Sonata announced the appointment of Sanjay Viswanathan as Chief Executive Officer (CEO), Managing Director and Member of the Board. As the CEO and Managing Director of Sonata Software, Sanjay's focus would be to drive growth, achievement and prosperity. He will work closely with all business and delivery units within the company, as well as with TUI InfoTec, to ensure that these goals are achieved.

The company also announced that P Srikar Reddy will serve as Chief Operating Officer (COO) and the promotion of N. Venkatraman as the Chief Financial Officer (CFO) of Sonata Software.

As part of its growth strategy, Sonata is focusing on the following key areas :

- Building the sales engine for the US and the European markets which will reinforce its presence in these geographies
- Strengthening its delivery and execution capabilities so as to provide differentiated solutions and offerings to its customers
- Re-energizing our HR practices and strengthening of the Management Team.
- Strengthening and growing the Joint Venture with TUI InfoTec in Germany
- Reducing cost of operations by optimizing bench, increasing the utilization of resources and consolidation of facilities
- Focusing on emerging markets including India, China, Turkey and Qatar.

Sanjay Viswanathan, Chief Executive Officer and Managing Director, Sonata Software said, "Our long term vision and plan for Sonata is to make it one of the finest firms in the sector. It is important for us to develop revenue and margin velocity which will enable us to deliver profitable growth. We are already making significant investments which will yield positive results for the company."

Considering the lower profits and the need to make investments towards building the sales engines the company announces Interim Dividend of only 50%.



As per the recent media reports, the Karnataka High Court has ruled that payment for import of packaged software is royalty and that such payments are subject to deduction of tax at source. This ruling affects the entire industry and also affects Sonata who has been a participant in this litigation. Commenting on this, Mr. N. Venkatraman, Chief Financial Officer, Sonata Software said, "The high court has held that payments for software imports qualified as royalty because they believe there is a use of copyright."

With regards to tax demands and liabilities on the company Mr. Venkatraman said, "Since one of our significant foreign partners has already paid a substantial part of the taxes that could be demanded, the net demand on the company would be relatively small. However, since the principle involved in the litigation has significant other ramifications, we will have to appeal to the Supreme Court for stay."

Significant Projects :

For one of the largest reselling units in the world, Sonata is implementing SAP using qualified template based solution for Discrete Manufacturing – Sonnet IM&C (Industrial Machinery and Components). The solution will integrate all the business functionalities within the organization to enable better business practices. The project involves implementation of the Sales and Distribution, Materials Management, Production Planning, Quality Management, Finance and Controlling modules. Sonata's strong SAP consulting and domain expertise and innovative implementation approach will enable the customer to simplify and streamline their reporting processes, reduce costs, improve on-time deliveries and enhance their services.

For an organization specializing in mergers and acquisitions, corporate restructuring and litigation, Sonata is involved in architecting a secure document management product which will enable them to effectively collect/share documents, streamline workflow and collaborate for events. As a part of the engagement Sonata will evaluate the critical business requirements and re-engineer the existing product by leveraging high-end Microsoft technologies.

An organisation providing ERP solutions has engaged Sonata to extend some of their product lines to Microsoft's Azure Cloud platform as a part of their Connected Services strategy. Sonata's in-depth knowledge and expertise in Microsoft technologies will help the organisation to provide additional value to their customers with regards to the usage of a "Cloud Based" offering that will integrate with on-premise applications. This will also enable the customer to reach out to new markets.

Sonata is helping a leading telecommunications provider implement enhancements to their flagship products in the areas of IP Number Management and IPTV provisioning stack of service offerings. This will help the customer to optimize the work processes by integrating necessary tools with their network inventory systems. Sonata will also be involved in providing the required enhancements to enable the customer expand their service offerings at a rapid pace.

For a leading provider of open, secure, modular Infrastructure Management solutions, Sonata is developing a pluggable reporting module using web service, custom data source and custom query executor features. The module is being developed on Jasper Reports, an open source platform. The engagement will help the customer to achieve high level customization of their reporting system and reduce Total Cost of Ownership.

A global advertising and media communications group has engaged Sonata for implementing Microsoft Dynamics AX2012 across their multiple entities. This will be the second largest AX2012 implementation in the world. The customer is part of Microsoft's Technology Adoption Program (TAP) for Microsoft Dynamics AX2012 - the Services Industry (SI) Solution. The first phase involves implementing Enterprise Resource Planning (ERP) solution across 5 entities located in Singapore. Sonata will eventually roll out the project in 17 countries, with a user base of 22,000 people.

The business processing unit of one of the largest Insurance and Asset Management groups in the world has engaged Sonata to modernize their existing SAP platform. The project involves technical and functional upgrade of SAP to the latest version of the application (ECC 6.0) and implementing enhancements across all key functional areas of the organisation. Sonata's extensive experience in implementing SAP applications will enable the customer to implement a robust and technically advanced solution which will help them to meet their critical business requirements and provide richer functionality to the business users. This will also help the customer to reduce maintenance costs, improve on-time deliveries and empower business with critical inputs/data to make informed



decisions.

Sonata Software Ltd Financial results - Consolidated

(In Rs. Cr.)

Revenues	Quarter 2 11-12	Quarter 2 10-11	Half Year 11-12	Half Year 10-11	Year 10-11
International IT Services	65.69	75.31	139.44	145.70	290.27
TUI InfoTec GmbH (JV)	132.17	127.23	265.87	254.97	503.98
Domestic - Products & Services (Sonata Information Technology Ltd.)	187.06	188.59	313.61	323.77	598.95
Consolidated	384.92	391.14	718.92	724.44	1,393.20

EBIDTA	Quarter 2 11-12	Quarter 2 10-11	Half Year 11-12	Half Year 10-11	Year 10-11
International IT Services	9.49	20.89	27.65	38.00	76.49
TUI InfoTec GmbH (JV)	11.46	17.06	21.36	32.45	64.07
Domestic - Products & Services (Sonata Information Technology Ltd.)	2.52	5.29	2.60	10.45	16.53
Consolidated	23.47	43.24	51.61	80.89	157.09

PAT	Quarter 2 11-12	Quarter 2 10-11	Half Year 11-12	Half Year 10-11	Year 10-11
International IT Services	6.82	17.77	20.13	31.95	66.00
TUI InfoTec GmbH (JV)	2.83	4.44	(0.39)	5.82	11.12
Domestic - Products & Services (Sonata Information Technology Ltd.)	(0.57)	2.82	(1.82)	5.51	8.48
Consolidated	9.08	25.04	17.93	43.28	85.61

Notes :

- 1) Consolidated Revenue, EBIDTA and PAT are after elimination of inter company transactions
- 2) Consolidated includes Sonata Software Limited, Sonata Information Technology Limited, TUI InfoTec GmbH, Sonata Software North America Inc. (Formerly known as Offshore Digital Services Inc.), Sonata Software GmbH, Sonata Europe Limited, Sonata Software FZ LLC and Sonata Software Qatar LLC
- 3) International IT Services comprises of Sonata Software Limited, Sonata Software North America Inc. (Formerly known as Offshore Digital Services Inc.), Sonata Software GmbH, Sonata Europe Limited, Sonata Software FZ LLC and Sonata Software Qatar LLC
- 4) Consolidated PAT is after minority interest
- 5) Intercompany revenues between International IT Services and TUI Infotec GmbH (JV) have been adjusted
- 6) Translation loss / gain on account of Consolidation of TUI InfoTec GmbH (JV) is adjusted in TUI Infotec GmbH (JV)

About Sonata Software Limited

Sonata Software (www.sonata-software.com), headquartered in Bangalore, India, is a global IT consulting and services company. Sonata's customers are located across the US, Europe, Middle East and the Asia-Pacific region. Its key service lines include Microsoft Services, Emerging Technologies (Mobility and Cloud), Business Intelligence and Analytics, IP/Domain led services, Testing, Enterprise Solutions Open Source/ Java and Remote Infrastructure Management. As per the industry rankings released by NASSCOM for FY 2009-10, Sonata Software figured among the Top 20 IT Software Services Exporters in India for the third consecutive year. Sonata has been recognized for its excellence in providing Software/ISV R&D and Cloud Computing Services to global customers by Zinnov Management Consulting Pvt. Ltd. Sonata features both under the Software/ISV as well as Cloud Computing verticals in Zinnov's "Execution Zone".

Sonata's subsidiaries include (1) TUI InfoTec – Sonata's Joint Venture with TUI, Europe's largest tourism group, (2) Sonata North America Inc (formerly Offshore Digital Services Inc) – Sonata's arm in the US, which provides development and consulting services to clients, using an Onsite-Offshore Delivery Model, (3) Sonata Software FZ LLC – Sonata's fully-owned subsidiary that provides value-based IT solutions to customers in the Middle East and (4) Sonata Information Technology Limited, which is a premier software services and product distribution company with India-focused business operations.



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