



PRESS RELEASE

Sonata Software Consolidated Q3 FY10 Net Profit at Rs. 21.98 Cr up by 10% YoY

Mumbai, January 19, 2010

Leading Indian software solutions company, Sonata Software Ltd. today reported its audited financial results for the quarter and nine months ended 31st December, 2009.

Highlights:

Sonata Software Ltd. - Consolidated

- o Revenue for the quarter at Rs. 336 Cr
- o EBIDTA for the quarter at Rs. 46.42 Cr up 9% YoY
- o Net profit for the quarter at Rs. 21.98 Cr up 10% YoY
- o Earnings per share annualized at Rs. 8.36 up 10% YoY
- o RONW and ROCE for the quarter at 27%
- o Consolidated Cash Reserves (net) : Rs. 154Cr

Sonata Software Ltd. – Stand Alone

- o Revenue for the quarter at Rs. 60.51 Cr
- o EBIDTA for the quarter at Rs. 18.89 Cr up 15% YoY
- o Net profit for the quarter at Rs. 16.36 Cr up 19% YoY
- o Earnings per share annualized at Rs. 6.22 up 19% YoY
- o RONW and ROCE for the quarter at 25.30%
- o Cash from operations for the quarter Rs.16.63 Cr

Management Comments:

Commenting on the results, Mr. B. Ramaswamy, President and Managing Director, Sonata Software Limited said, "We are pleased with our overall performance and continued improvement in operational metrics this quarter. Our singular focus on delivering enhanced business value to our customers through simplified processes and flexible business models, have ensured that they can do more with less. This, together with our continuous investments in strengthening our capabilities, have resulted in sustained improvement."

Significant Projects:

For a Fortune 500 Global Hi-Tech Manufacturing organization, Sonata is working with their Supply Chain Excellence team in the creation of a lean & responsive supply chain. Developed using Microsoft Business Intelligence technology stack, the Enterprise wide solution provides the organization with automatic synchronization of data elements from disparate global sources across lines of business and aids in the creation of real-time visibility thereby providing control over key inventory, customer orders, cost and materials productivity. The solution equips their Supply Chain experts with real time reports and status against KPIs while providing them with flexibility for end-user analytics and creating forecasting scenarios.

A market-leading provider of governance, risk and compliance (GRC) management software in the US that is delivered via Software as a Service (SaaS) model has engaged Sonata to localize their product (for 24 languages) and accelerate solution delivery. Sonata will enable refactoring the code to accommodate the localization, resulting in faster time to market and low cost of maintenance.

Sonata is helping a large manufacturer of Aluminum Extrusions increase their operational efficiency through the implementation of SAP Business-All-in-One solution. Once implemented the solution will help them maximize the utilization of their resources, minimize operational costs and enhance customer satisfaction.



For a leading airline in the Middle East, Sonata is creating a secure online environment for their Flight Operations and HR functions. This single collaborative portal will help in effective communication, knowledge sharing and decision making through features like workflows and discussion forums, thereby enhancing productivity.

For one of the world's leading engineering and design consultancies headquartered in the UK, Sonata is developing a Web 2.0 Intranet portal. Based on Microsoft Office SharePoint Server (MOSS) 2007 Technology, the portal will provide the employees a platform to collaborate effectively with the organisation. Sonata will leverage its expertise and Sonnet Assets to enable on-time delivery of the portal.

For a large asset management company, catering to financial clients by creating and managing investment strategies, Sonata is developing a checklist-tracking solution on Microsoft Office SharePoint Server (MOSS) 2007. The solution will enable the customer to enforce tighter accountability, adherence to Audit requirements and conduct business-focused data analysis.

A leading Japanese elevator manufacturer has extended their elevator control ODC engagement with Sonata for another 3 years, continuing to repose their faith in Sonata's engineering capabilities.

A major financial software and services provider from the US, who is already an existing customer, has engaged Sonata to engineer a new client billing and revenue management solution for financial services companies.

Sonata Software Ltd Financial results - Consolidated

(In Rs. Cr.)

Revenues	Quarter 3 09-10	Quarter 3 08-09	Nine Months 09-10	Nine Months 08-09
International	222.98	244.13	671.82	735.30
Domestic - Sonata Information Technology Ltd.*	113.02	151.22	389.52	488.42
Consolidated	336.00	395.35	1,061.35	1,223.72

EBIDTA	Quarter 3 09-10	Quarter 3 08-09	Nine Months 09-10	Nine Months 08-09
International	42.33	40.01	121.19	115.29
Domestic - Sonata Information Technology Ltd.*	4.09	2.63	9.98	11.47
Consolidated	46.42	42.64	131.17	126.77

PAT	Quarter 3 09-10	Quarter 3 08-09	Nine Months 09-10	Nine Months 08-09
International	19.45	18.57	55.22	52.82
Domestic - Sonata Information Technology Ltd.*	2.53	1.33	5.87	6.53
Consolidated	21.98	19.90	61.09	59.34

Notes :

- 1) Consolidated Revenue, EBIDTA and PAT are after elimination of inter company transactions
- 2) Sonata Software Limited Consolidated includes Sonata Software Limited, Sonata Information Technology Limited, TUI InfoTec, Offshore Digital Services Inc., Sonata Software GmbH, Sonata Europe Limited and Sonata Software FZ LLC.
- 3) International comprises of Sonata Software Limited, Offshore Digital Services Inc., Sonata Software GmbH, TUI Infotec, Sonata Europe Limited and Sonata Software FZ LLC.
- 4) *Domestic - Sonata Information Technology Ltd. Is after elimination of inter company transactions
- 5) Consolidated PAT is after minority interest
- 6) Contingent liability in respect of Income Tax Rs 37.61 crores, as 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 of Rs 37.61 crores referred to in (a) above, and consequently the amount stands reduced to Rs 15.96 crores.



About Sonata Software Limited

Sonata Software, headquartered in Bangalore, India, is a leading IT consulting and services company. Sonata's customers are located across the US, Europe, Middle East and the Asia-Pacific region. Its portfolio of services includes IT Consulting, Product Engineering Services, Travel Solutions, Application Development, Application Management, Managed Testing, Business Intelligence, Infrastructure Management and Packaged Applications. As per the industry rankings released by NASSCOM for FY08-09, Sonata Software figured among the Top 20 IT Software and Service Exporters in India. Sonata Software has also been ranked global #2 in the 2008 Top Ten ESO: Outsourced Software Development in The Black Book of Outsourcing.

Sonata's subsidiaries include (1) TUI InfoTec – Sonata's Joint Venture with TUI, Europe's largest tourism group, (2) 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 premier software services and product distribution company with India-focused business operations.

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