



TRANSFORMING BUSINESSES TO SUCCEED IN THE DIGITAL FUTURE



SONATA SOFTWARE LIMITED
ANNUAL REPORT 2014-15

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FORWARD LOOKING STATEMENTS

Certain statements in this annual report concerning our future growth prospects are forward-looking statements, which involve a number of risks, and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. We have tried wherever possible to identify such statements by using words such as anticipate, estimate, expect, project, intend, plan, believe and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realized, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, our actual results could vary materially from those anticipated, estimated or projected. Readers should bear this in mind. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.



TRANSFORMING BUSINESSES TO SUCCEED IN THE DIGITAL FUTURE



The digital future is already on the business horizons of today. IT is redefining the way people shop and consume products and services in an ever connected world. The traditional boundaries between channels, time periods, spaces and devices through which consumers access service providers at various stages of the consumption cycle is disappearing.

The rising expectations of a seamless, personalized and social consumption experience is redefining the way in which both incumbent and upcoming new businesses can compete to win with the new age consumer. While new entrants can define their approach grounds up and scale with growth - incumbent business leaders face a tougher challenge of transforming existing large businesses to be digital ready, at speed and scale, while optimizing investments and costs of IT systems.

Achieving business readiness for the digital age demands innovation, speed and reliability. Sonata's integrated offerings of best in class digital engagement solutions coupled with robust managed application lifecycle solutions and committed partnership approach has enabled customers leverage the transformational impact of IT in keeping business ready for the digital economy. We have been scripting such digital successes for world leading customers across the Software Product, Travel, Retail and Consumer Goods industries and this in turn has been a driver of our own successful business performance. In this Annual Report 2014-15, we share with you glimpses of how our customers and our people are working together to seize the opportunity in these powerful changes sweeping the business and IT landscape.



THE NEW AGE CONSUMER.

The rising expectations of a seamless, personalized and social consumption experience is redefining the way in which businesses can compete to win with the new age consumer.



WHEN DIGITAL ENGAGEMENT HOLDS THE KEY

THE OPPORTUNITY

Consumer businesses need to leverage new age digital technologies towards retaining and growing successfully through a paradigm shift in customer engagement and services norms.

SONATA APPROACH

Grow customer reach, satisfaction and revenues across channels by empowering your business with digital engagement technologies that integrate omni-channel commerce, analytics, mobility and social

- Give consumers a seamless access to your business across web, mobile, store, kiosk and call center channels
- Gain a single 360-degree view of your consumers as well as inventory across channels; drive improved personalization of products, promotions, services and fulfillment levels
- Enhance customer experience and convenience with mobility and intelligence-enabled applications that redefine service touch-points
- Leverage digital and social for enhanced customer acquisition and relationship management



OMNI
CHANNEL



MOBILITY



ANALYTICS



SOCIAL



ENABLING A BETTER BRICK-N-CLICK LED OMNI-CHANNEL RETAIL FOOTPRINT

A global retail leader wanted to replace its legacy customer engagement systems with a new package capable of supporting its omni channel strategy across e-commerce, store and mobile touch points

Sonata delivered a range of solutions as part of the program including:

- A complex mobile solution integrated with ERP that enabled store staff to view, pick and pack customers' orders. For their retail customers, the experience of just driving into the parking lot to collect the pre-ordered (online or on mobile) parcel turned hassle-free and time efficient.
- A large loyalty system that accurately manages multiple loyalty cards and transactions of millions of customers across stores in one of the largest countries. This scalable solution is envisaged to be rolled out to several countries in the future.

- A solution to help the retailer to have a single view of its customers. With growth, the retailer diversified into multiple business lines. This has led to multiple customer systems. The solution helps unravel the data and then relate the information to create a singular customer system which every retail channel can refer into.
- Designing and developing the solution for one country with an architecture that will be scalable and rolled out to other countries, demonstrating scalable efficient use of IT investments.

The deep technology specialization in value added engineering on the chosen package and expertise in solutions for retail systems of engagement enabled Sonata make a significant contribution. The case illustrates Sonata's focus on helping enterprises succeed with their digital transformation agendas.



SOFTWARE PRODUCTS FOR THE DIGITAL AGE

THE OPPORTUNITY

Enterprise Software products are also facing the same high expectations of superior user experience driven by new technology. Mobile and Cloud enables SaaS models that offer ease of use and deployment is a key need. Analytics to support intelligent decisions and high quality UI/UX for intuitive use by staff are also the new norm.



SONATA APPROACH

End to end solutions for enterprise software product success including:

- Comprehensive product engineering services spanning design, architecture, development, modernization, support and sustenance of software products including turnkey managed engineering services
- SMAC Transformation of products with Cloud and Mobile enablement, UI/UX enhancement and Analytics integrations to support SaaS and PaaS based product delivery models
- Professional services to consult, implement, upgrade and customize software products to deliver user requirements
- Go to Market solutions spanning marketing, distribution and pre-post sales support to grow customer base and revenues



GETTING SOFTWARE PRODUCTS CLOUD & MOBILE READY; FOSTERING FURTHER INNOVATION



A world leading Software Vendor in SMB ERP segment realized a need to upgrade their products and services to meet the demands of new age digitally driven businesses and business owners. The client wanted to extend its accounting solutions to mobile users by developing an app which could work on different platforms and devices while supporting local country-specific rules and API services. Additionally, the solution was also to be extended in cloud as a SaaS.

Sonata developed a range of solutions for the customer including:

- Native app for iOS and Android phones in C# using a cross platform mobile development solution. The app is localized to support different countries – UK, USA and Germany to name a few. The cross platform design allows supporting multiple OS with minimal effort. It helped the ISV retain leadership in online accounting software for small businesses globally.

- SaaS based multi-tenant distributed web solution using managed cloud services thus retaining the Cloud ERP market leadership in its segment.

The engagement with the customer has also evolved to Sonata being a strategic innovation partner who can extend these solutions to global markets, multiple product lines and in defining a roadmap for further innovation with emerging technologies such as Big Data and wearables for the SMB segment.

Sonata's deep Cloud and Mobile engineering skills, SaaS and PaaS enablement skills and understanding of ERP applications enabled successful delivery of the program. The case illustrates Sonata's commitment to help Software Vendors develop, modernize and deliver products that are ready for the digital future to their customers.



THE FUTURE OF THE BUSINESS - IT INTERFACE

THE OPPORTUNITY

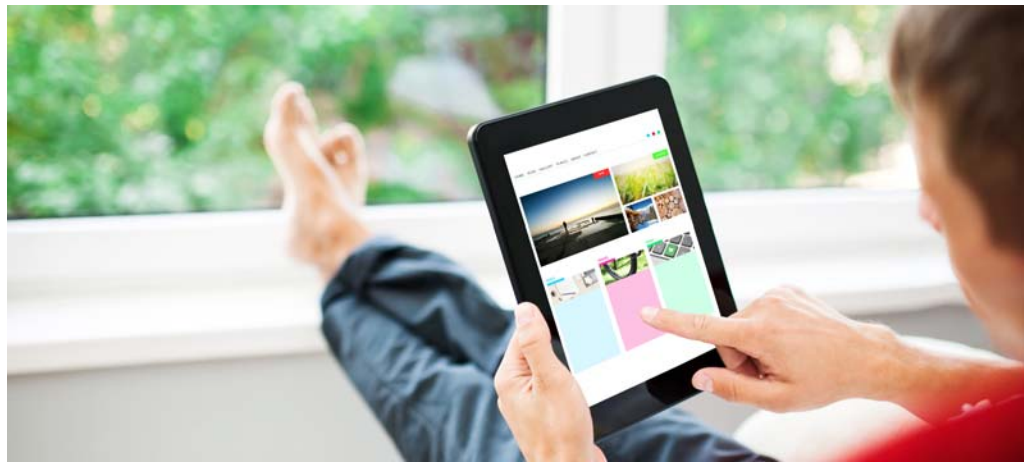
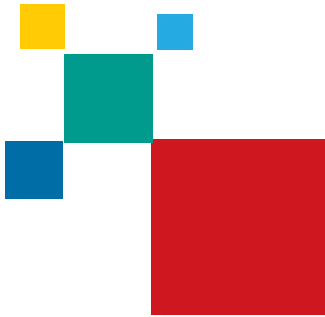
As technology becomes more central and strategic to business in the digital economy, the way in which IT services meet these needs are also changing. Deeper understanding of industry-specific business processes, ability to innovate with IT, quick and scalable deployment of IT systems all gain prominence. Industry specific end-to-end technology platforms that are mobile and social ready, with continuously evolving feature sets and cloud hosted scalable delivery models would be the new norm.

SONATA APPROACH

IT Platform based business solutions for specific industry segments

- Deep knowledge of key consumer industry verticals - Travel, Retail and Consumer Goods and sub segments within them for business process innovation
- Strong SaaS and PaaS based IT solution engineering expertise with DevOps and CloudOps capabilities to develop technology platforms for business
- Extended support through traditional services for customization requirements and support





END TO END TECHNOLOGY PLATFORMS FOR NEXT GEN TRAVEL EXPERIENCES

A large rail network wanted to replace their legacy rail passenger reservation system with next-gen core IT system, capable of catering to multiple channels and revenue sources. The legacy system had limited features, long lead-time and costly developments.

Sonata's solution encompassed

- Rail segment specific customization of proprietary Rezopia Travel SaaS solution
- The solution enabled distribution and booking across multiple channels such as web, mobile, reservation kiosk and call center
- Scheduling, packaging and notifications across revenue streams such as core rail tickets and ancillary services
- Integration to existing financial and accounting systems for head office functions

The new solution brought significant benefits by providing enhanced consumer experience as well as business capability with cloud based core rail ERP application which is feature rich, fast and easy to maintain.

The case illustrates Sonata's evolving approach to provide future ready models of IT solutions delivery based on a combination of industry segment specific IT platforms that offer integrated end to end business enablement capability, as well as managed IT services.



BUSINESS HIGHLIGHTS

Operational Highlights

- Record high revenue of ₹1,682 crores and Profit of ₹134 crores
- Third strong year of growth in IT services with growth for the year : Revenue by 25% and Profit by 85%
- Added 21 new customers during the year
- Acquired and integrated Travel SaaS Rezopia to drive IP led services
- Set up Retail industry advisory board
- Expanded foot print in ANZ geo with key new customer wins
- IT Services utilization levels at 85%+
- Won prestigious awards including Microsoft Country Partner of Year 2014 and SAP Pinnacle Award 2014

Financial Highlights

Consolidated

Key Financials (₹ crores)	FY15	FY14	FY13*	FY12*
Net Sales	1,682	1,566	1,311	1,069
EBITDA	187	110	57	35
PAT	134	78	30	11
Net Worth	428	374	342	375
Debt	24	6	17	41
Debtors	311	208	141	113
Cash	264	245	157	120
Per Share Ratio (₹)				
EPS	12.7	7.4	2.9	1.0
DPS	7.0	3.7	1.7	0.7
BVPS	40.7	35.6	32.5	35.6
Margin Ratios (%)				
EBITDA Margin	11.1	7.0	4.3	3.3
Net Profit Margin	8.0	5.0	2.3	1.0
RoE	33.3	21.8	8.4	2.8
RoCE	32.8	21.8	9.3	4.0

* FY 12 & 13 re-casted numbers are for continuing operations excluding results of TUI InfoTec GmbH