

Pioneering with **PLATFORMATION**



Platform based Digital Transformation

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.

Contents

CORPORATE OVERVIEW

Pioneering with Platformation	2
Operational Highlights	7
Financial Highlights	8
Sonata Software at a Glance	9
Business Footprints	10

STATUTORY REPORTS

Board's Report	13
Management Discussion and Analysis	40
Report on Corporate Governance	46

FINANCIAL STATEMENTS

Standalone Financial Statements	56
Consolidated Financial Statements	88
Sonata Information Technology Limited	122

Notice of 22 nd AGM	168
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Pioneering with Platformation

Today our world has become a digital economy built on the free flow of information, services and goods. Technology is rapidly collapsing the gap between producers and consumers. Businesses must adapt to the opportunities and challenges the new environment presents. It should be able to expand to new markets, segments, geographies and demographics it makes accessible - all at a pace set by a new breed of competition built on disruptive, digital technology-led paradigms. In this theme to our annual report for fiscal 2017, we would like to share with you our perspectives on how 'Platformation' a new paradigm that Sonata is pioneering can be the key to transform business and thrive in the emerging digital economy.

If one takes a look at the most successful companies in today's digital economy, it won't be wrong to say: "Behind every successful business stands a well-designed platform". Amazon, AirBnB, Uber, Alibaba are some of the more notable examples of success stories built on platforms. A careful examination of what makes these businesses successful reveals four important elements – all of which are powerful benefits of Platforms, which are as follows:



Open Networks - They enable customers, vendors, business and the ecosystem to plug in anytime, anywhere, any device to engage and form a large network that can create mutual value.

Intelligent - They use the data that they capture and primarily generate intelligence to make the platform more effective and automated.

Networked Systems - They ensure that the power of networked systems are allowed to operate on behalf of the participants.

Scalable - The systems are designed to be immensely scalable to ensure the platform can scale with business needs.



The 'born digital' players have been disrupting business as their platform business models have been supported by very innovative use of information technology to enable successful platform businesses.

Given the learning from born digital platform players, we at Sonata Software believe that the time is right for proactive businesses and IT leaders to realize that the challenges of digital business are best met through a new approach that we call Platformation – Platform based digital business transformation. Sonata's platformation approach is based on a unique IT framework that ensures a true platform is created that is intelligent, networked, scalable and open.



Sonata Software is uniquely positioned to help customers with their 'platform' enablement journey. Our experience in engineering platform ecosystems for leading Software Companies and a portfolio of platform based IP solutions that we have built and operate for multiple customers have ensured that Platforms are not just our key focus area, but it is in our DNA. We are focused on helping transform existing business systems in a way that is tailor fit for an organization's unique needs.

Sonata's solution approach reflect three key ways of executing effective digital platform programs. All approaches are based on Sonata's platformation philosophy and unique framework and methodology.

- An end to end digital business platform to gain an early mover advantage may need a decision to migrate to industry specific cloud platforms that are being set up by innovators such as Sonata in this space.

- Specific business processes on leading ISV stacks, that a business is already invested into, can be deployed if time, cost and risks need to be moderated.
- A very unique set of business features and the willingness to invest time and money in setting up a differentiated platform may mandate an approach where a significant part of the platform is custom built.



Our expertise in three verticals – travel, retail & distribution, and software is proven and has been built over decades of serving leading Fortune 500 companies. As we have shifted to platform based solution approaches, we have retained this vertical focus giving us industry specific platformation experience. Our efforts to emerge as a preferred strategic partner for digital transformation in these industry verticals has seen us acquire and build our own Platform IP such as Brick & Click Retail, Rezopia and Modern Distribution Platform. Our strong alliances have seen us build industry solutions on top of leading ISV platforms such as Microsoft Dynamics 365, Microsoft Cortana Intelligence Suite and SAP Hybris Commerce.

Sonata has consciously invested further in the past year in a comprehensive portfolio of platform based solutions, deep industry expertise, quality and processes, proven platform delivery processes, strategic client engagement models

and global reach. With these in place, we are confident of being a preferred partner for best of breed customers as they move to realize the business value from the new paradigm of Platformation.

Operational Highlights

Entry to the Microsoft Enterprise Cloud Alliance



IP Brick & Click Retail and ASCS listed on Microsoft Appsource

Microsoft Country Partner of Year 2016 Award



New alliances - Aeris (IoT) and Snowflakes (Data Warehouse)

US patent for Halosys Mobility Platform features



Leadership zone of Zinnov product engineering report - 5th year

SAP® APJ Partner Excellence Award 2017 for a Top Sell Partner



Financial Highlights

CONSOLIDATED				
Key Financials (₹ crores)	FY17	FY16	FY15	FY14
Net Sales	2,521	1,941	1,682	1,566
EBITDA	233	236	188	110
PAT	154	159	134	78
Net Worth	585	471	428	374
Debt	55	176	24	6
Debtors	523	354	310	208
Cash	366	347	264	245
Per Share Ratio (₹)				
EPS	14.6	15.1	12.7	7.4
DPS	9.0*	9.0	7.0	3.7
BVPS	55.6	44.8	40.7	35.6
Margin Ratio (%)				
EBITDA Margin	9.2	12.1	11.1	7
Net Profit Margin	6.1	8.2	8.0	5.0
RoE	29.1	35.3	33.3	21.8
RoCE	25.3	30.4	32.8	21.8

* This includes a final dividend of ₹ 5.50 (550% on par value of ₹ 1) per equity share, recommended by the Board of Directors. The payment is subject to approval of shareholders in the ensuing Annual General Meeting of the Company.

