

SONATA SOFTWARE LIMITED



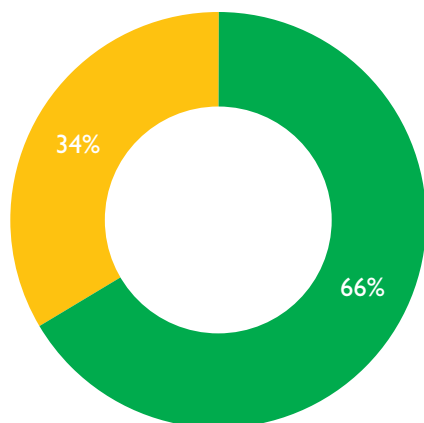
Company Background

Sonata Software, headquartered in Bangalore, India, is an IT consulting and software services company. Established in 1986 as a division of IOCL, the company was spun off as an independent entity in 1994 and, listed on the BSE and the NSE in 1999.

Sonata Software is a SEI CMM Level 5 company with a global onsite-offshore delivery model that provides solutions to its clients. It follows a 360° partnership delivery model for the development of software and services. Its key alliance partners include global players such as Microsoft, IBM and Oracle.

Sonata Software has offices in the US, the UK, Germany and Singapore. Its employee strength, as on 31 March 2006, was 1,452, compared to 1,099 for the previous year.

Revenue – Geographical Segmentation (2005-06)



International
Domestic

Source: Company Website

The company's sales increased to EUR 94.42 million in the financial year ended 31 March 2006, from EUR 57.3 million for the previous year.

Sonata Software in the EU

The EU is an important market for Sonata Software, and a significant portion of company's revenue comes from the region.

During the year 2005-06, Sonata generated all its international revenue from the export of developed software and related services to various clients in the UK, Belgium, France, Germany, Ireland, Italy, the Netherlands, the US and Japan. The company strengthened its overseas marketing offices in the UK and Germany and also participated in various international exhibitions to promote its services.

Sonata has entered into partnership agreements with Microsoft, IBM, Oracle and other leading names and primarily focuses on the US and the UK markets. The objective of these partnerships is to provide software services to Independent Software Vendors (ISVs) and Enterprises in these markets.

Sonata Software in the UK

In December 2004, it signed a multi-year outsourcing services deal with TUI, UK, whereby it will provide application management services, e-business solutions and Oracle applications to TUI.

Sonata was awarded the Customer Appreciation Award in the 2004 Microsoft Partner Program

Awards. This was in recognition of the e-commerce solution it had provided to Beanstalk Interactive, its client in the UK. Beanstalk required a comprehensive e-commerce B2B and B2C trading platform to link its financiers, suppliers, insurers and other related parties.

Sonata Software in Germany

Sonata Software GmbH was set up in 2004 to consolidate its presence in the EU and also meet the IT needs of the German and West European markets.

Sales revenues from this subsidiary increased to EUR 19.8 million in 2005-06, compared to EUR 6.26 million in 2004-05.

Sonata Software in Other EU Countries

Apart from the UK and Germany, Sonata also formed a joint venture, Abisko Development Ltd, with a Dutch company, Scala Business Solutions N.V., in Cyprus in 1998. The objective of the venture was to develop, enhance and maintain newer versions of Scala products.

Factors for Success

Focus on Long-term Engagements and Organic Growth

Sonata focuses on establishing long-term partnerships with its clients, as opposed to merely forming project-specific relationships. Additionally, the company prefers to grow by the organic route, although it is open to acquiring a tech support company, providing all the factors are favourable. Its continuous focus on organic growth during the last three years has seen the company add 22 new clients during the fiscal year 2006.

Alliances with Technology Providers

Sonata has entered partnerships with several technology providers and industry experts over the years. The company's partnerships with

Microsoft and IBM have won it many awards and have helped it to improve its offerings to its customers.

Exploring new Avenues

Sonata has set up a Core Research Group (CRG) to take care of its technology needs. Currently, the CRG is working on technologies in the areas of Service Oriented Architecture, Software as a Service (SaaS) as well as Business Intelligence (using Microsoft's SQL Server as its base). The company has also developed add-on solutions for Microsoft Business Solutions Dynamics™ products. This has helped it to strengthen its relationship with Microsoft and win new clients in the ISV segment.

Future Plans

Sonata's long-term strategy is to establish its presence in all the key markets in the EU, which it expects to be one of its most significant markets in the near future.

Sonata plans to focus on its core areas and expand into other associated segments in the technology space. As a part of this strategy, the company intends to target ISVs, as well as property and casualty insurance, and asset management companies.

www.sonata-software.com