



“Sonata Software Limited Q1 FY23 Earnings Conference Call”

July 25, 2022



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Moderator: Ladies and gentlemen, good day, and welcome to the Q1 FY '23 Earnings Conference Call of Sonata Software Limited. As a reminder, all participants lines will be in listen only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touch tone phone. Please note this conference is being recorded. I now hand the conference over to Mr. Srikar Reddy, Managing Director. Thank you, and over to you, sir.

Srikar Reddy:

Good evening, everybody, and welcome to the analyst call post the announcement of our first quarter results for FY '23. Here with me, Mr. Samir Dhir, the CEO of the company; Mr. P. V. S. N. Raju, the Chief Delivery Officer; Mr. Jagannathan, the Chief Financial Officer; Mr. Sujit Mohanty, the CEO and MD of our subsidiaries Sonata Information Technology Limited; and Mr. Sathyanarayana – our VP of finance.

We have posted the results on the website and the press release. So, I'll give a quick high-level summary of the quarter's performance and where we are and probably looking at the future before I hand it over to Mr. Jagannathan to take you through more detailed financial analysis for the quarter. I think overall, given the various factors, we had a good quarter. To continue, I was saying that the performance was pretty good given the various factors across both our main businesses, the international services, and the India business. Coming to the International Services business, I think we're about 4% growth quarter-on-quarter on the constant currency healthy basis and about 6% on a rupee basis, about 2% on a valued currency basis. I think our PAT has shown a pretty good quarter-on-quarter growth.

We have seen, overall, I think growth across more segments, which I think have been reported in the investor deck, which has been shared with you. Our Digital business continued to show steady growth. We continue to use Platformation to drive growth with our existing clients and generating new business. Overall, I think we see the demand situation still being quite steady, both with our existing clients and new clients. We have had quite a healthy pipeline last quarter. I think we have had some pretty good deal wins last quarter in the International Services, but for some challenges on the supply side and some delayed projects, we could have probably had better numbers.

I do know we have got on board Samir Dhir, the CEO of the company, at the beginning of last quarter. We also announced and strengthened our management team with the induction of Roshan Shetty as the Chief Revenue Officer based out of London. Mr. Balaji Kumar, the Chief Human Resource Officer; and Mr. Hemant Bharadwaj as the Chief Marketing Officer.

I believe that the new team has settled under Samir, and we'll hear from him later on to some of your questions. On the India business, as I said, I think we have seen tremendous performance continued from last quarter, both on the top line and bottom line. And the focus there is to become more of a rounded cloud service provider across all the 3 major cloud platforms and we are executing on that strategy.



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So, to sum up, I think as we speak, we do see the demand situation quite stable because of the rupee depreciation. I think we've been able to hold our margins and, of course, we've had these cost currency headwinds thus far which had impacted the major U.S. dollar revenue business. But that's a high-level summary of where our business is. I'll hand it over to Jagan to take you through the more detailed financial analysis of the quarter's performance.

Jagannathan Narasimhan: Thank you, Srikar. Good evening, all. Thanks for joining for this investor call. Now I'll take you through the broad financial numbers. The consolidated financial performance has been steadily growing, higher than the industry averages. We have a CQGR of 6% quarter-on-quarter for last 12 quarters. And the EBITDA margin and the PAT margin also have been growing healthy at 3.5%, 4%. We have been continuing to do both in the International business and also the India business have been steadily growing every quarter.

The International business, the revenue has been, this quarter, we had a 2% quarter-on-quarter dollar revenue of growth and the constant currency is around 3.9% in terms of rupees, 5.5% growth, very, very stable at this kind of cross currency impact. In spite of a cross currency impact, our growth has been very, very stable, and constant. As mentioned earlier, we will continue to focus on the growth and the performance will continue to be steadily growing.

In terms of our profit performance, thanks to rupee depreciation, we are able to observe some of the costs deposit, salary increase, cost of payable, as well as the senior management investment in this quarter. We continue to outperform in the profitability. Domestic business has been doing really well, consistent growth in their gross contribution and their profit element is continuing to grow. Their revenue growth is also very, very strong with the new volume demand, which is continuing to be very, very strong across the market. We are very, very confident of performing well in volume terms as well as the profitability in terms in the coming quarters.

This business has been doing steadily well. This is a broad financial number for your references, and this has been shared in your press release also. Some of the operational metrics for you to review, US continues to be at a stable level of 57% revenue and Europe continues to be at 21%, 22%. The rest of the world contributes the balance in terms of revenue. Our contribution of ISV has been stably at 32%, 33%, and that travel remains at the same level. There is no major changes and industry contribution in this. Competency wise, we have again contributed by Microsoft Dynamic Services and the Microsoft Digital Platform Services are key drivers. Apart from this, data services for data and analytics which continue to remain in the same level.

The revenue mix on site that we have got a benefit of this coming down against the group percentage, which has benefited our profitability, and the utilization remains at the same level as last quarter. Operational metrics for other things like top 1 million clients has been stably going up. Our 5 million and 10 million customers, we are holding on. And top 5 clients contributed 54% of revenue as stably as it was last quarter. We have added about net addition of key employees this quarter. Most of them are from the delivery side of it. And we have also



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invested in the G&A also. But the headcount addition has been stable and is continuing to reflect on the demand scenario at present.

Supply side constraints continue to be there, but our attrition for this quarter has come down to 24% annualized for this quarter. This has been a good performance. We are very confident that in the coming quarters, it will improve further and we will be able to address the supply side constraint. Whatever the guidance given at the beginning of the year, we're confident of achieving the same, and we are expecting a good, stable growth prospect with good profitability.

With this, I conclude the update on Sonata's performance. I hand over back for the questions from the participants.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question-and-answer session. We have a first question from the line of Mohit Jain from Anand Rathi. Please go ahead.

Mohit Jain: Sir, 2 questions. One is on the cost side, like you said in your opening remarks. So, should we assume bulk of the costs and hiring, both senior management and on the wage hike side are now built into the Q1 numbers? Or do you think something may come through in Q2 or Q3 as well. So, that was one, and then I have a follow-up.

P. Srikar Reddy: What is the question, Mohit?

Mohit Jain: Sir, on the margin side, you spoke about costs and then rupee depreciation benefiting you in terms of absorption of those costs. So, from senior management hiring perspective and also from wage hike, supply side constraints, et cetera, so the cost for FY '23, now the Q1 cost number, when we look at it, is that a steady number or do you think there is some planned promotions, increments, et cetera, coming up in Q2 and Q3?

P. Srikar Reddy: As I said, we continue to invest on the leadership side throughout the year, so that will continue. And our wage revenue is in the January quarter, right? So, that needs to come up for FY '23, right? So, we do it in January and then in April for middle management. So, that will continue, Mohit.

Mohit Jain: Sir, June quarter includes that senior management appraisal, right, which was done?

P. Srikar Reddy: Sorry?

Mohit Jain: So, we had done from a Q1 perspective because you just did it back-to-back in the quarter. So, Q2 and Q3, there are no incremental costs, so to say?

P. Srikar Reddy: In Q2 and Q3, there will be no across the board wage hikes. That's correct. But we have not completed our investment in talent of the leadership kind say for sales. As I said last time, we



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had opened up these development centers in Canada, Ireland, we had opening in Mexico. I think all these investments will come up in Q2, Q3.

Mohit Jain: And second was on the retail side, like what kind of environment? Because you have retail essential, nonessential commodity business, et cetera. So, is there any impact that you are anticipating there ahead? Or do you think it is because you had a strong quarter. So, from a deal pipeline perspective, do you think there is any slower growth anticipated through the year? Or do you think you guys can sort of maintain the current growth rate?

P. Srikar Reddy: I'll just say something and then I'll possibly hand it over to Samir to say something else. I think it's time we now combine both these essential and nonessential because there was a factor of the COVID where essential retail was okay and nonessential was not okay, I mean they were not open and nobody wanted to consume it, but we combined it back because that segregation has gone. So, as we said, based on the deal pipeline, that's a focal vertical for us and things are looking good. But as I said, I'll possibly have Samir to add some more color to that.

Samir Dhir: Thanks, Srikar. Hey, Mohit, hi, this is Samir. So, I think across the board in retail, we're really seeing a good strong momentum based on 3 factors on the retail. Number one, because the footfall are back in the traditional retail model of retailers, they have continued to invest in the consumer experience side and actually going aggressive to get a bigger wallet share from there. Second, the trend to modernize their IT estate from a cloud perspective is also pretty prevalent. And the third is the adoption of data and using data ecosystems like consumer data is also pretty prevalent. So, I think across the board, we continue to see at least at this point in time, good momentum across the retail sector.

Mohit Jain: So, overall, is it fair to assume from your current deal win, deal pipeline perspective, you guys are more likely to sort of continue running on the growth path that you are currently on?

Samir Dhir: Yes, I think it's a fair assumption at this point.

Mohit Jain: Perfect, sir. And this is actually our first con call. I think you were not there in the last one. Sir, we'll keep interacting and all the best for the coming quarters.

Samir Dhir: Thank you, Mohit, and I look forward to the relationship going forward.

Moderator: We've next question from the line Dhvanet Savla, an Investor. Please go ahead.

Dhvanet Savla: My question is with regards to our headcount. I can notice that our sales and marketing headcount has pretty much remained the same. Are we expecting to increase that on our work front and probably get more people in? And is there a particular target headcount which we'll have by the end of the year that we are going to achieve by the end of this year?



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- P. Srikar Reddy:** Dhvaneet, the line is very weak, we couldn't understand your question. But from whatever I understood, you said that there was not too much of a headcount growth in the first quarter and is that the trend or whatever. I think the question was addressed by Mr. Raju last time, but maybe I'll ask him to address the question again in terms of the recruitment plans for the current year.
- P.V.S.N Raju:** What we have seen in quarter 1, we had a net headcount of that will increase the attrition rate, think that has come down now. So, going forward this quarter, this is what I can see much, much higher headcount increase. We also think the raise and campus hire coming, so next 2 quarters, you can see much, much larger numbers adding to our headcount.
- Dhwani Savla:** Is there any target number which we have in mind, which we want to have by the end of this year?
- P.V.S.N Raju:** We don't have specific target, we don't give guidance on that, but we're adding 600 campus hires in the next 2 quarters.
- Moderator:** We have next question from the line of Ngn Puranik with ENAM. Please go ahead.
- N. G. Puranik:** I want to understand about your Microsoft relationship. So, in terms of how big is the relationship in terms of current revenue? And also in terms of the sales organization that's working with them and which are the groups that you're working with? You mentioned it you worked with Dynamic. So, do you work on the power platform also or only dynamic or other groups also?
- P. Srikar Reddy:** So, Puranik, I won't give out the numbers because we need Microsoft permission to give out the numbers, but otherwise we've worked with about 4 groups in Microsoft. One is the Microsoft Product Engineering, which is mainly, as you mentioned, the Biz Apps group. So, there, we work both across all the platforms, what they call F&O, power app, power platform, customer experience, et cetera. We work with the customer service function where we support maybe Biz Apps, that's also across the board, power platform, F&O, and all our other --
- N. G. Puranik:** Even the CRM Dynamics part of it you're working?
- P. Srikar Reddy:** Sorry, Puranik?
- N. G. Puranik:** Even the CRM Dynamics?
- P. Srikar Reddy:** Yes. F&O, CRM, our platform, and also non-Dynamics and the customer support. The third is we do internal IT in both data analytics and Dynamics implementation.
- N. G. Puranik:** And that's not just the power platform, other than that.
- P. Srikar Reddy:** Sorry, Puranik?



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- N. G. Puranik:** Is that the power platform or internal IT? You said analytics and internal IT. That is other than power platform?
- P. Srikar Reddy:** So, analysis, there's a third group basically, which is the internal IT where we do Analytics and Dynamics implementation.
- N. G. Puranik:** Dynamics implementation.
- P. Srikar Reddy:** Reportedly, we work with the consulting teams to serve the clients there.
- N. G. Puranik:** Is there a scope to mine the current relationship with various group and expand relationship to other groups in Microsoft?
- P. Srikar Reddy:** Pardon. That is Samir's favorite topic, I'll hand it over to you.
- N. G. Puranik:** What did you say?
- P. Srikar Reddy:** I said that is Samir's favorite topic, I'm handing it over to him to answer that question.
- N. G. Puranik:** Each of these businesses are growing at 30%, 40%, 50%. That power platform is growing 60%, 70%. So, I thought there would be a lot more scope for you to grow.
- P. Srikar Reddy:** Yes. Puranik, I handed over the question to Samir. He is about to address that question about the scope and what we are trying to do there, yes.
- Samir Dhir:** Yes, absolutely. And I think we're in the process in more ways than one Puranik, to address that. So, we made a good growth in the last several quarters at Microsoft. So, we continue to take market share from competition with the Microsoft relationship overall. But to your question, can we do more? I think the short answer is yes. Microsoft is just completing their annual planning process in June-July time frame. Recovered, this planned process will look to align our sales investment dollars with their plan. And that exercise is currently on. As you probably know, inspire happened on 19th of July, just a week back. And our teams are working hand-in-glove with them to take a larger share of the pie from Microsoft from a sales perspective. So, that's a short answer. And across the board, and power platform included, it's really a go-forward strategy to shore up business in the direction planning.
- N. G. Puranik:** Will it help expanding relationship with more people? Or it would be important to work with other groups? I think these 2 groups itself has enough and more opportunity.
- Samir Dhir:** It's not either/or, it's both. So, we have to get bigger wallet share from the existing people that we have relationship with, and we continue to hunt into account to build a stronger relationship with other buyers that are not buyers of Sonata today. It's both ways, Puranik. We're looking at the dual-path strategy.



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- N. G. Puranik:** Is there a low-code/no-code projects that you work with them?
- Samir Dhir:** Yes, we do. We are already part of that, and that's an increasing part of the focus on Microsoft. And before you heard, Sathya also talked about a big focus on the power platform in the low-code/no-code. I think that's an integral part of the go forward approach.
- N. G. Puranik:** So, that learning has been used in your project development, product development, various projects, the low-code/no-code.
- Samir Dhir:** I'll let Raju respond to that.
- P.V.S.N Raju:** Yes, Puranik, there are 2 things. One is we've started working on the whole power platform, both on the data side and also on the application side. We really worked with Microsoft with other customers. And I think there are a lot of things we're learning from that; of the 2 applications we are building and via whole framework to accelerate that in the market.
- N. G. Puranik:** It's interesting. And what are the typical project sizes, the deal wins when you get Microsoft deal? Typically, what size it is? And they all must be real annuities?
- P.V.S.N Raju:** Yes. What happens is the power platform, typically when the customers are going, we still want to get the digital processes and customize their applications, including the power platform. Literally annuity depends on and we'll have a team of excellent that's what we have proposed to customers. So, each project itself can be small, but we build a team and we get it can be done hardly now.
- N. G. Puranik:** And bulk of it is all offshore projects?
- P.V.S.N Raju:** Bulk of it will be offshore, but we need to have some of the people who understand this whole digital process, those people need to be outside, mostly offshore.
- N. G. Puranik:** Good. Interesting. So, you're working on other groups also, looking at building relationships with other groups also?
- Samir Dhir:** Yes, Puranik, I mean again, yes, that's absolutely the strategy. Because power platform is not a singular vector within Microsoft. They're looking at it as a horizontal capability across all units. As we work our plans with them for the next fiscal, the interlock is happening at this week and the idea is to split it across all units. Like Raju said, we're looking at not only doing it for Microsoft, but both in Microsoft and we'll do it for our clients as well. And generally taking the modus operandi is to set up a COE because these are bespoke projects to start with because customers have trial to do now. And if the trial becomes successful they go big bang. So, if you set up a theory, then you're setting the foundation for a bigger play moving forward. And that's the part that we're looking to.



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- N. G. Puranik:** And that means hiring more client account partners.
- Samir Dhir:** That means, yes, expanding both from a sales and hunting perspective both because we have to mine what, where relationship is already there and also look for new relationships. So, dual strategy in our journey.
- Moderator:** We have next question from the line of Baidik Sarkar with Unifi Capital. Please go ahead.
- Baidik Sarkar:** Srikar, I recollect you left about 2%, 2.5% of revenues on the table in the previous quarter, Q4, given supply side issues we faced in Q4, right? And on the back of that, this quarter, you've reported about 4% in constant currency. Is this reflective of the revenue potential in its entirety? Because it looks like there has been a significant amount of backfill from the previous quarter. And adjusting for that 4%, it looks a very okayish number. A, am I missing something? And b, should we expect a significant acceleration going forward in the next few quarters? And also while you have that trigger, if you could just comment on the deceleration you've seen on Microsoft account. I think after several quarters of 7%, 10% kind of growth, I think the numbers this quarter has been slightly underwhelming. Any color on that.
- P. Srikar Reddy:** Okay. I don't know about the second question, where you got this information from because we don't publish it. No, I think
- Baidik Sarkar:** I was just looking at your reported numbers on Page 23 where the Microsoft digital is up just 2.2%. And you reported sequential growth on Microsoft Dynamics is 0.7%. so I was referring to those numbers.
- P. Srikar Reddy:** No. This has nothing to do with Microsoft in a contract. This is the overall services market, which includes what we sell to other customers, not just Microsoft.
- Baidik Sarkar:** I'm aware of that, Srikar. Anyway, let's go sequentially, if you could just take the first question, and then I'll kind of rephrase the second.
- P. Srikar Reddy:** Yes. As I said in the beginning of the call that the backlog effect will remain. So, it's not that we can quickly fill up the backlog. We filled up last quarter's backlog, acquiring backlog --
- P. Srikar Reddy:** So, as I said, the backlog effect still remains and the backlog of the previous quarter was what was delivered this quarter, I said at the beginning of the call that we still need to get that fully done. So, that's the answer to your first question. I'll ask Jagan to answer your second question.
- Jagannathan Narasimhan:** Baidik, which data you are referring to. This is the analyst what we have now I showed to you now, operating metrics.



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Baidik Sarkar: Well, this is your reporting thing. I think this is on Page 22 of your reported deck. Okay. You know what Jagan, I can take that offline, but if I can either request Samir or Srikar to comment on the quantum of acceleration we should expect going forward. That's more important.

Jagannathan Narasimhan: Yes. That is Microsoft digital platform services alone you are talking about. There, you have to combine the Microsoft into other areas are also there. This is one aspect of the Microsoft.

Baidik Sarkar: Sure. If I can get your comments on the quantum of acceleration going forward. And just to rehash in terms of guidance, was it a number we had guided closer to 20% for your core IT services at the beginning of the year?

Srikar Reddy: We don't give it, right? We don't give a quantitative guidance; we've said it many times.

Baidik Sarkar: But in terms of acceleration, just given the quantum of backfill that's still pending, just trying to expect that we have continued delivering at this run rate?

Srikar Reddy: As I said, you can expect, given the current visibility on this date in the future, we can expect an acceleration for future quarters.

Baidik Sarkar: That's very helpful, Srikar. And if I can just squeeze into Samir. Samir, welcome aboard and good to say hello. I hope this is a good journey for you. Could I perhaps ask you to quantify the direction of IT services growth in the non-Microsoft part of the business, right? What are you seeing? What are you excited about? What is our right to win? And is there a number that you have in mind you'd like to get at the next 2, 3, 4 years?

Samir Dhir: Yes. Baidik, hi. Glad to meet you as well. I think very consistent with what Srikar said, see, the demand pattern is very secular at this point in time. And in the industry that Sonata has invested in the past, whether it's a retail manufacture business, I think we continue to see a good demand pattern. I think at this point in time, as we know, the macroeconomic conditions are revolving around this all the time. But as we speak, the demand pattern is pretty secular. The question specifically was the trend outside of Microsoft. We continue to see good momentum across our operating geographies whether it is U.S., U.K., Singapore, or Australia, we continue to see good momentum from a pipeline perspective. In the current environment, there is really supply constraints, and we're really working hard to get through the supply side of the equation at this point in time. We don't think the demand side of the equation is holding us up as per Srikar commentary that we do expect the acceleration and the ETD batch that we talked about comes in, we think that will give us a further quantum jump into the supply side and that will start to reflect in the coming quarters and in the H2 quarters down the line.

Moderator: Your next question from the line of Amit Chandra with HDFC Securities. Please go ahead.

Amit Chandra: Sir, my question is on the travel vertical. So, if you can provide the constant currency growth for the travel vertical. And also, I know that travel coming back in Europe and TUI reporting



80% to 90% of their pre-COVID bookings returning back. So, when can we see travel coming back because we are still at 50% of pre-COVID. If you can throw some light there, whether our engagement has completely changed now with UI like what we used to do pre-COVID and what we're doing now.

P. Srikar Reddy: So, yes, as I said last time, there are 2 growth patterns. One is where they're investing in building new technologies, and that's where we are engaged. We're waiting for the business to fully come back for them to invest on what they call business as usual. So, we expect that to happen by Q3, and we can see that trend going upwards. As I also said last time, because post COVID there was a very big shift from onsite to offshore. I think we have onshore about 200 people onsite I think now, the 200 people have come down to about 40 people because people have come back. So, that measurement of that revenue has to be properly factored in when you say that we can go back to where we were pre-COVID.

Amit Chandra: And in terms of the constant currency growth for travel vertical, if you can provide that?

Jagannathan Narasimhan: Constant currency growth for travel vertical, you're asking about this quarter?

Amit Chandra: Yes, this quarter.

Jagannathan Narasimhan: This quarter, it's in line at the same level. If you see the revenue contribution for travel if we could explain, we have the ready numbers, but I can share them with you. It's in line with the companies. Travel vertical, we have more impact for that.

Amit Chandra: So, actually, your voice is not very clear, it's breaking?

Amit Chandra: And sir, on the second part --

Jagannathan Narasimhan: Amit, the constant currency growth will be a little more than the company level because there was a cross-currency impact was much, much bigger in the Europe revenue. I don't have the number readymade with me. I will have to take the number and update you separately.

Amit Chandra: And sir, on the onset of mix, obviously, we have seen shift to offshore. But now, things are reversing for some companies, onsite is actually better. But we have seen a significant increase in offshore revenue. So, is it because of the change in engagement or because of travel, as you said, because a lot of work has shifted offshore. And the incremental growth is coming offshore? Or like any way it's helping our margins? But is it going to be a headwind like in the coming quarters or maybe onsite can increase more faster?

P. Srikar Reddy: I think that some of it has been driven by the inability to travel and visa regimes, et cetera, where I think some discussions can be done also. But I think your point is correct. Once things revenues will increase on a percentage basis. But I think right now, there has been a very sort of travel cues for on visas and long lines, 6-month wait period.



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- Amit Chandra:** Okay. And also in terms of the domestic business, there, for the first time, we've seen another cloud component coming in town. So, obviously it is because things are reversing. But can that have an impact on our margins on the domestic product or on the growth because last 2 years have been very strong for the domestic product servicing business. So, what is the normalized growth rate that we can expect from that business?
- P. Srikar Reddy:** I think we are steadily growing the cloud component in the domestic business. Where are you getting this number from, Amit.
- Amit Chandra:** In terms of the percentage contribution, it has come back in this quarter.
- P. Srikar Reddy:** From the investor deck you are telling..
- Amit Chandra:** Yes. So, on the cloud piece, it was 78%, come down to 76%, revenues on page number is 28 given cloud on cloud.
- Jagannathan Narasimhan:** The quarterly number, it's just a quarterly trend, Amit. There is no one way trend, it is just a quarterly number. That's it.
- Amit Chandra:** So, over the longer-term, 20% plus kind of growth is achievable still in this business. And in terms of margins --
- P. Srikar Reddy:** Sorry, what's the question. Your line is very unclear. What's the question? 20% plus domestic gross margin. Yes, I think the trend so far, I think that looks doable.
- Moderator:** We have next question from the line of Dhiraj Dave with Samvad Financial Services. Please go ahead.
- Dhiraj Dave:** Basically, how you see your manpower supply constraint and what are your plan? Because you indicated some kind of addition. In fact, that figure also I missed out, although I was on call. So, what is your plan to address the supply side? And how it has affected our margins?
- P. Srikar Reddy:** Okay. I'll ask Raju to answer that question again.
- P.V.S.N Raju:** So, on the supply side, we are doing 4 or 5 things. One is getting Visa is now taking time into the appointment. We started building capabilities in our onshore locations. We opened a center in Ireland. We also have center in Canada. Also, we're looking for hiring in U.S. and Australia next month. Second thing is on the campus hire, we are making 600 campus hires. We already hired them. They're coming on board this quarter and next quarter.
- Dhiraj Dave:** Yes, sorry, sir. This 600 would be for full year or just 2 quarters?
- P. Srikar Reddy:** We have taken in 2 quarters, but we'll utilize them over 2-year, Dhiraj. But we've to train them.



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Dhiraj Dave: Okay. And how is the manpower cost...

Jagannathan Narasimhan: Manpower cost, we gave the compensation, it's already given in January and April. So, I think there might be a little spread but I don't think there is significant change in the cost. We're confident on that part.

Moderator: As there are no further questions from the participants, I'd now like to hand the conference back over to Mr. Srikar Reddy for closing comments. Over to you, sir.

P. Srikar Reddy: Thank you all very much for joining the call today and thank you all for your support. I look forward to seeing you all again the next time. Thank you. And thank you, Vikram.

Moderator: Thank you very much, sir. Ladies and gentlemen, on behalf of Sonata Software Limited, that concludes this conference call. Thank you for joining with us, and you may now disconnect your lines.