



27th Annual General Meeting of Sonata Software Limited
held through Video Conference

June 24, 2022

MANAGEMENT:

MR. PRADIP P SHAH – INDEPENDENT DIRECTOR AND CHAIRMAN OF THE BOARD & THE AUDIT COMMITTEE

MR. P SRIKAR REDDY - MANAGING DIRECTOR

MR. SAMIR DHIR – WHOLE-TIME DIRECTOR AND CEO

MR. VIREN RAHEJA - DIRECTOR

MR. SHYAM GHIA - NON-EXECUTIVE DIRECTOR

MS. RADHIKA RAJAN – INDEPENDENT DIRECTOR

MR. SANJAY ASHER – INDEPENDENT DIRECTOR

MR. JAGANNATHAN CHAKRAVARTHI – CFO

MS. MANGAL KULKARNI – COMPANY SECRETARY

MR. SATHYANARAYANA R – VICE PRESIDENT – FINANCE AND ACCOUNTS

MR. ROSHAN SHETTY – CHIEF REVENUE OFFICER

MR. GURVINDER SINGH & MR. MURTUZA DOHADWALA – RETIRING STATUTORY AUDITORS,
DELOITTE HASKINS & SELLS LLP

MR. SUPREET SACHDEV & MR. AMRIT BHANSALI – NEW STATUTORY AUDITORS, B S R & CO., LLP

MR. M V BHAT – PRACTICING COMPANY SECRETARY AND SCRUTINIZER FOR THE AGM

MR. PARAMESHWAR G HEGDE – SECRETARIAL AUDITOR

- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Hi, Good Evening everyone. I'm Mangal Kulkarni – Company Secretary of Sonata Software Ltd. We welcome you all for the 27th AGM of the company. I would like to give quick info on the arrangements and the guidelines for the Q&A session. Members may note that this Annual General Meeting is being held through video conference in accordance with the Company's Act 2013 and the circulars issues by the Ministry of Corporate Affairs and SEBI from time to time. The proceedings of this meeting are being recorded for compliance purposes. Facility for joining this meeting through video conference or other audio/visual means is made available for the members on first come first-serve basis. All members who have joined this meeting are by default placed on mute by the host. When the Question-Answer session starts, the speaker shareholders will be unmuted by the host. The speaker shareholders are requested to click the Video On button once their names are announced. If the speaker shareholder is not able to join through video, the shareholders can speak through audio mode as well. While speaking, we request the speaker shareholder to minimise the noise in the background so that he/she can be clearly audible. Also, please ensure that there is good wi-fi connectivity and proper lighting to have a good audio and video experience. If there is a connectivity issue at the speaker's end, we would ask the next speaker to join, and once the connectivity improves, the speaker shareholder will be called again to speak. We request the shareholders to limit their speech to 3 minutes please. Further, if any shareholder faces any technical issues, he/she may contact the helpline number mentioned in the notice of the AGM. Thank you all very much for joining this meeting. I now request Mr. Pradip Shah – Chairman to start the proceedings of the meeting. Over to you sir.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- I hope all of you and your loved ones are safe and keeping well during these challenging times. This meeting is being held through video conference in accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI from time to time. I affirm that the company has made all efforts feasible under the circumstances to enable members to participate and vote on the items considered in the meeting. We have the requisite quorum present through video conference to conduct the proceedings of this meeting. Participation of members through video conference is being reckoned for the purpose of quorum as per the circular issued by MCA and Sec 103 of the Company's Act 2013. The quorum being present, I call the meeting to order.
- Before I turn to the formal agenda of the meeting, I request my colleagues on the video conference to introduce themselves. Mr. Srikar Reddy.



- **Mr. Srikar Reddy – Managing Director, Sonata Software Ltd:**
- Good evening, everyone. This is Srikar Reddy. I’m the Managing Director of the company attending the 27th Annual General Meeting.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Mr. Samir Dhir.
- **Mr. Samir Dhir – Chief Executive Officer, Sonata Software Ltd:**
- Good evening. This is Samir. I’m CEO of Sonata and Whole-time Director dialling in from New Jersey, US.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Thank you. Shyam Ghia.
- **Mr. Shyam Ghia – Director, Sonata Software Ltd:**
- This is Shyam Ghia. I’m speaking from my residence in Mumbai and good evening to all of you.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Viren Raheja.
- **Mr. Viren Raheja – Non -Executive Director, Sonata Software Ltd:**
- Hi, this is Viren Raheja. I’m speaking from my office in Mumbai and I’m a Non-Executive Director of Sonata.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Radhika Rajan.
- **Ms. Radhija Rajan – Independent Director, Sonata Software Ltd:**
- Hi. This is Radhika Rajan. I’m an Independent Director of Sonata Software. I’m dialling in from my hotel room in Sedona, Arizona.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Thank you. Mr. Sanjay Asher.
- **Mr. Sanjay Asher – Independent Director, Sonata Software Ltd:**
- This is Sanjay Asher here joining the Annual General Meeting of Sonata Software Ltd. From my office in Mumbai. I’m an Independent Director of the company.



- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- **Mr. C.M. Jagannathan - CFO, Sonata Software Ltd:**
- Hi all. This is Jagannathan Chakravarthi. I’m the CFO of this company.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Mangal Kulkarni.
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- I’m Mangal Kulkarni. I’m a Company Secretary joining from my residence in Bangalore. Thank you, sir.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Thank you Mangal. Apart from them, we have senior executives of the company joining from their respective locations. Mr. Gurvinder Singh and Mr. Murtuza from Deloitte Haskind & Sells – Statutory Auditors, Mr. Supreet Sachdev and Mr. Amrit Bhansali from BSR & Co. LLP - the proposed Statutory Auditors, Mr. Parmeshwar G Hegde – Secretarial Auditor and Mr. M.V. Bhat – Company Secretary in Practice, who has been appointed as scrutiniser for e-voting at the AGM, are also present at this meeting. On behalf of our board of directors, I would like to thank you all again today for joining this meeting.
- In case of any network issues that I have, or I may come across during this meeting, with the 6.59 of all the directors present in this meeting, I authorise Mr. Srikar Reddy to continue the proceedings of the meeting. The registers required under the Company’s Act 2015 and certificate from the Secretarial Auditor for compliance of SEBI, Share-based Employee Benefits and Sweat Equity Regulations 2021 are made available through electronically for inspection by the members during the AGM. As the AGM is being held through video conference, the facility for appointment of proxies by the members is not applicable, and hence the Proxy Register for inspection is not available. The company has received representations from members for 14,36,000 representing 1.37% of the paid-up capital of the company. Since the notice of this meeting and Annual Report has been sent by electronic mode to all members entitled to receive the same, I therefore take the notice as read.
- I will now say a few words on the performance of the company. It is indeed a privilege to share my thoughts on the performance of the company during the financial year ended March 31, 2022. The company further strengthened its position as a leading digital transformation partner of choice for clients. The results for the year have shown a significant growth, quarter on quarter, over the year, both in revenues and profits across all business units, geographies, services and industry verticals. This is a clear indication of Sonata’s strategy of building digital enterprises through its unique Platformation™ methodology. Sonata’s ‘Platformation™’ which is



trademark as you know, not in its 5th year, has put the company in a good place, positioned for another year of high growth.

- The Encore acquisition we made last year has now not only given us access to the fast-growing healthcare vertical but has also strengthened our position as a cloud services partner. The India business continues to grow and the addition of partners like AWS of Amazon and GCP of Google has further consolidated our position as a partner for multi-cloud deployments and managed services. Customer experience continues to be a big area of focus the world over, and with greater investments in GBWCx platform, we expect this business to grow in the future.
- The company has invested in nearshore delivery centres in Canada and Ireland to serve our clients better, and to get access to local talent. In line with the growth agenda, the company invested in talent at senior level. Three senior leaders joined Team Sonata - Ankush Patel, Kartik Visweswaran and Suryaprakash KV, strengthening global sales, large deals and delivery capability.
- Recently, the company has onboarded Roshan Shetty as the Chief Revenue Officer responsible for global sales and services based out of London. The board implemented a major succession plan. Samir Dhir has joined the company as the CEO and Executive Director. Samir is a proven leader in scaling organisations in international services, and we see a tremendous future and growth for that business under his leadership. Srikar Reddy will continue as the Managing Director and provide continuity while he transitions his operational responsibilities to Samir Dhir. He will then take on the role of Executive Vice Chairman of the company.
- Turning to financial performance. Our international IT services revenue showed a growth of almost 26% to over Rs. 1,499.8 crore as compared to Rs. 1,183.86 crores in FY21. While after tax profits showed a growth of nearly 49% to Rs. 274.5 crores in FY22. After tax profit was Rs. 183.78 crores in FY21. International IT Services contributed to 27% of the total revenue and 73% of the Profits After Tax. Our domestic products and services contributed 73% of to the total revenue, and 27% of Profits After Tax.
- At a consolidated level, revenues grew 31% to Rs. 5,553.37 crore, while profits showed a growth of 54.3% to Rs. 376.43 crores. Our balance sheet continues to be strong, and we finished the year with free cash of over Rs. 871.61 crores, witnessing a Return on Capital Employed of 37%. As always, shareholder delight is our top priority, and we declared an interim dividend of Rs. 8 per share and followed it up with a final dividend recommendation of Rs. 13 per share, making a total of Rs. 21 per share for the year.
- Cloud-driven technology transformation and the digitalisation of business models will continue to grow, and Sonata is well positioned to address the growing opportunity. We will also continue to invest in building capabilities in emerging technologies.

- The competition for human resources has been intense over the course of the past few years, and skilled digital talent will play a significant role as the increased demand in the short term has led to intense global competition for such talent. The company continues to make investments in acquiring and nurturing digital talent. The company will continue to invest in strategic areas both organic and inorganic, including opening new global delivery centres, marketing and branding, and in bringing in new global talent.
- Here at Sonata, we have a culture where employees are urged to be curious, to experiment and to share things they learn. We believe in cultivating a growth mindset where personal growth goes hand in hand with organisational growth and building a learning culture.
- We at Sonata also understand the importance of Environment, Sustainability and Governance (ESG) both to us and to our clients. The company has also now set in motion a clear long-term ESG goal program with clear metrics and initiatives and timelines to achieve the same.
- I would like to take this opportunity to thank our shareholders, clients, partners and vendors for their continued support and trust in all our endeavours. I also thank my fellow directors on this board for their active participation in matters relating to the company. And I would also like to extend my appreciation to Mr. Srikar Reddy and his management team, as well as every Sonatian for their performance. Wishing them good health, safety and success, I'm confident that we will continue to take the company to greater heights in the future.
- Now, I hereby take the Statutory Auditor's Report and Secretarial Auditor's Report as read, as there's no qualification in those reports. As permitted, I further take the Board's Report and Audited Financial Statement as read. As required under Sec 108 of the Company's Act 2013 with applicable rules and regulations 44 of the SEBI Listing Regulations 2015, your company has provided all members the remote e-voting facility to cast their votes electronically in respect of all business mentioned in the notice. Members holding securities in DEMAT mode with NSDL, are required to vote through NSDL IDeAS facility or e-voting website of NSDL, and members holding securities in DEMAT mode with CDSL are required to vote through the CDSL EasiEasiest facility or by accessing e-voting page on the CDSL website. Members who are present in the AGM through VC facility and have not cast their vote on the resolutions to remote e-voting can vote during the meeting through e-voting facilities provided by NSDL.
- I know request Mr. Srikar Reddy to make a presentation to the members on the performance of the company during the financial year ended March 31, 2022. Over to you Mr. Reddy.
- **Mr. Srikar Reddy – Managing Director, Sonata Software Ltd:**



- Thank you, Pradip, and warm welcome to everyone attending the 27th Annual General Meeting of the company. When we spoke last year the same time, I think the company was coming through the impact of the pandemic, which had factored some of our core businesses. As I spoke last time at the same event saying that we have used this opportunity to build a much stronger company in that process, and the investments we had made in that time frame would stand us in good stead as we went forward in the current year.
- As you all have seen in the financial results of the company as mentioned by Pradip, I think we had a tremendous year in terms of growth, both in terms of growth of top line, especially growth in the Profit After Tax and EBITDA. And also, this growth has come across all segments of our business, both our international services business and our domestic product business.
- So, a quick, I would say, qualitative analysis of the business last year... I think as Pradip mentioned, the concept of Platformation™ which we have been propagating now for the last 5 years and positioning Sonata as a strong digital transformational partner for its clients, has continued to stand us in good stead. We are able to differentiate ourselves when we are accessing the markets. And, this would be an area, I think where we will continue to focus on and strengthen this image of the company. We had invested in this partnership with Microsoft almost about 10 years ago. We had invested in building the partnership, both from a go-to-market perspective and delivering services to Microsoft. Our M&A strategy was strongly focused on, ensuring that the strategy will support us becoming a very strong partner for Microsoft. And, I think last year, that has again stood us in extremely good value as we continue to build that business.
- The kind of accounts we are getting and what we have today, I think are a lot better in quality and I think they create a great platform for the company to use these accounts which we have acquired in the last 12-18 months and grow. Of course, there are the older accounts which we had, some of them which are significant; they continue to do well.
- As Pradip mentioned, we strengthened the senior leadership across the board, both in terms of sales delivery I think we have institutionalised, what we call, a theme which is focused on large deals, but it both converts our current clients into long-term annuity contracts, look for large opportunities to grow and look for large opportunities with new customers to grow. The acquisition with Encore, I think, has done well both qualitatively and quantitatively. I think, the revenues and the EBITDA margins have added well, and the ROI on that investment has come out to be extremely good. As also mentioned by Pradip, it has also helped us get access to a strong healthcare vertical. Obviously, we have to invest in that and see what we can do to leverage that. Also, their presence in the cloud services gives an overall good story as we continue to expand our cloud and data services footprint. And I think the



strength which the Encore acquisition brings in, will add a great value to our story as a good digital partner for cloud and data.

- Our India business continues to do well. If you see the numbers, and we'll share some of the qualitative aspects. We want to continue to expand to become more of a multi-cloud infrastructure provisioning and managed services partner. We'll continue to invest in that business. Our competencies, we'll continue to invest, especially on the digital services, as I mentioned. Greater focus on the data and cloud area, both on the Microsoft and non-Microsoft area. And as I mentioned, the numbers really speak for themselves in terms of what we have achieved as a business.
- So really, to sum up, quantitatively, it's been a tremendous year in terms of growth. Qualitatively, the company has now a more robust foundation for future growth in terms of all the critical elements of our business strategy, whether it's team kind of accounts, the market image, the strength with our alliance, our ability to access and win new business, the overall account management, account growth processes. So, solid foundation is there. But, for the continued challenges on the supply side, which has been a pain felt across the industry, I do believe that we could have had a better year last year in terms of our financial performance.
- So, I'll briefly now take you through some of the quantitative highlights of last year. Next slide please. As mentioned, the International Services Business, 26% growth both in Rupee and Dollar terms. Especially when you see the profitability, it has improved dramatically. But despite us making a lot of investments both in sales and marketing, and the increase in the overall cost of our resources, we almost did about three reviews of compensation. Of course, there has been an overall increase in cost. But despite that, I think we have shown a very healthy growth in margins. So about 36% growth in EBITDA and 47% growth in PAT in the International Services.
- Next slide please. And of course, as I said, the domestic business has done phenomenally well. Though we don't really measure that business in terms of revenues, we measure that business in terms of margins. And, I think we have actually seen a significant growth in our gross margin in that business; close to 36-37%. And of course, that has now actually reflected in a 49% growth in EBITDA and almost 69% growth in PAT in that business. So, this business, I believe, continues to grow from strength to strength. The opportunities are enormous and the reputation and foundation the business team has created and built in the market with access to almost the top 500 buying customers in the country, which has now been built over a long period of time, which we'll showcase in the next few slides. I think this is a great foundation for growth in this business. As I keep saying, I think it's a great annuity business. One should look at it as a net margin business, but more as a gross margin business with Return on Capital Employed. As long as we continue to manage our risks in this business well, I think it's a fantastic annuity business in terms of growth.

- Next slide please. So, this is our International Services Business. As I mentioned, I think we have shown growth across the various industry verticals. I also talked about some new industry verticals we have added like healthcare and logistics.
- Next slide please. And, as I said, investments in building new digital capabilities are shown in our investor slides. We see a continuous and steady growth in our digital services revenues. And really, I think this slide talks about the fact that we have got the core strength in the key areas where there is growth going into the future like data, cloud, managed cloud services, Microsoft Dynamic Cloud Services. And as I said, we continue to invest in building capability in these areas. As we go forward, we would see a growth across more secular set of these services in the future.
- Next slide please. As I mentioned, the India business, I think you really need to look at it as what is the annuity component of this business in terms of... when we say annuity, how long are these contracts for? And the second is the increase in the cloud business as more and more cloud-based utilisation and revenues and licencing models continue to increase. Building a very robust delivery engine to deploy and manage cloud infrastructure for clients and make it very cost effective, I think is a great position to be in, and that's what this slide is really talking about.
- Next slide please. Analysis is talking about fact, the nature of the quality of the business which is saying what is the relationship we've had with clients. As you see, a significant portion of the business comes from clients who've been with us for more than 3 years. And the second really talks about what is the kind of clients we have, so that one understands what is our risk. As you see, most of the business comes from clients who are really large – upwards of 5,000 crores in revenue. So really, as I mentioned, qualitatively also it's a long-term annuity based on relationships and a potential to convert these clients to more of our people who will be primarily responsible for cloud consumption which is being provided by us.
- Next slide please. So, to sum up and look into the future, as we see, the market as we stand today, continues to be robust, although some of the macroeconomic factors like the war in Ukraine and the overall high interest rates and high inflation could have an impact in the short to medium term. But we do believe that, by the nature of the business we have and the investments we have made, I think we stand in a good position in terms of being able to address the opportunity in front of us. As I'd mentioned, we've got the right set of services, clients, partners, investments in the right set of technologies. The focus is obviously, continue to do what we have done well in the past, and then of course, bring in new avenues for growth as we go forward. As I said, Platformation™ as a differentiating thing in terms of our brand has helped us and we continue to ensure that will help us differentiate ourselves. We've made significant investments in sales and pre-sales, as mentioned by Pradip. We'll continue to do that in the current year, as I said. This is the year in which we want to invest a lot more in terms of both marketing, brand building and investment in sales and pre-sales. As Pradip mentioned, we set up development centres in

Canada and Ireland. And, this year we see the leverage of these centres to both, grow our business, to make ourselves more attractive to our clients, to get access to more talent and to better be able to serve our customers. Our India business, as I said, looks extremely strong, and we'll continue to invest in that. As we go forward, as I said, as a multi-cloud partner for our clients, again, we'll invest a lot more there, both in building the team and marketing. But that looks like a tremendous opportunity for growth. Our IP acts as a good differentiator, we'll continue to invest in that. Obviously, the focus is to increase our marketing effort and help build our brand as a digital partner as we go forward. M&A continues to be a major focus as we continue to grow and align to our strategy. We are looking at making bigger investments, obviously, at the right valuations. But the appetite to make larger ticket investments is there given our experience so far, and we'll be looking at it as a major area for growth as we move forward because there's a whole lot of focus on improving our whole internal process with a lot more automation, with all the remote working, how do we improve our productivity and capability, etc.

- As Pradip mentioned, we have put out a well thought out succession plan. I think we have a great leader in Samir, and I do believe that with what we have and with all the new investments we have made, I see a tremendous future for the company under Samir's leadership and look forward to transitioning to and working with him over the next 9 months, and help create and take the opportunity. So overall, I see a very bright future for the company over the next 3-5 years. Given what we have done, we do see some softening on the overall talent-demand situation, and hopefully, that should help us meet our growth. So overall, while the market in the medium term could be little challenging, but from where we are, I think there's a tremendous opportunity for us to create growth with the whole new theme in place, especially operating from our key markets. So, I'm looking at a very bright future over the next 3-5 years for the company.
- So, thank you all again for your support. Back to you Mangal.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Thank you, Srikar. We'll now resume the proceedings. We now take up the resolutions set forth in the notice. We will open the floor for any questions by members after all the resolutions are tabled. Since the resolutions have already been put to vote, there will be no proposing and seconding of resolutions.
- 1st Ordinary business.
- Item No. 1 in the notice – To receive, consider, approve and adopt financial statements for the financial year 2021-22, including the consolidated financial statements, together with the reports of the Directors and Auditors which have already been sent to the members.

- Item No. 2 of the notice – To declare final dividend of Rs. 13 per equity share of Re. 1 each that is 1300% and to confirm the payment of interim dividend of Rs. 8 per equity share of Re. 1 each that is 800% already paid for the financial year 2021-22.
- Item No. 3 of the notice – To appoint a director in place of Mr. S.B. Ghia, Director No. 00005264 who retires by rotation and being eligible offers himself for reappointment.
- Item No. 4 of the notice – To appoint M/s. BSR & Company, LLP, Chartered Accountants, Bengaluru, as statutory auditors of the company for a period of 5 years from the conclusion of the 27th Annual General Meeting until the conclusion of the 32nd Annual General Meeting of the company.
- Special Business:
- Item No. 5 of the notice – To approve the continuation of Mr. S.B. Ghia, Director No. 00005264 as a Non-Executive Non-Independent Director after attaining the age of 75 years.
- Item No. 6 of the notice – Appointment of Mr. Samir Dhir, Director No. 03021413 as a Director of the company.
- Item No. 7 of the notice – Appointment of Mr. Samir Dhir, Director No. 03021413 as a Wholetime Director of the company with remuneration.
- The text of the resolutions is provided in the notice circulated to the members. If any registered speaker/shareholder desires to ask questions pertaining to any item on the notice you may please do so now. Members are requested to keep their questions brief and specific. The moderator will facilitate the questions on the video feature. To avoid repetition the answers to all the questions will be provided towards the end. The members may also note that the company reserves the right to limit the number of members asking questions depending on the availability of time.
- Now we request Mr. Arun Kumar Boppana to kindly proceed with the first question. Mr. Boppana?
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Yes, sir, we are moving him into our panellists.
- **Dr. Arun Kumar Boppana – Shareholder:**
- Hello, hello.
- **Mr. Viren Raheja – Non-Executive Director, Sonata Software Limited:**
- Mr. Boppana let's go for the question.

- **Dr. Arun Kumar Boppana – Shareholder:**
- Thanks to Mangal Kulkarni and her team for organizing this VC. So, Corona gave us new opportunities for Infotech, compliments to Srikar and his team in handling for all round success and empowerment, they did not stay at home so their shoes couldn't wear out.
- My questions: IT industry is expected to have an enormous market potential in IDC estimates, what are Sonata views?
- What is the impact of Sri Lanka and Ukraine unrest, has it disrupted our business?
- Digital India had to replace IT Act, this happened in 23 years, in IT, it is like 4 to 5 centuries now, your comment on that.
- Can India have 500 big tech companies with 5000 crores plus turnover in 3 to 5 years, this is the wish of Minister Rajeev Chandrasekhar. He has set a target of achieving USD 400 billion exports by March 2023, is it achievable? What will be the pie of Sonata?
- See jobs are on the rise in 2022, it is evident from the Great Reshuffle India, but there is clearly shortage of jobs, and people with skills are in the driver seat now and people want flexible working hours, and some people are suffering with anxiety after working in isolation for 2 years. Are we providing any counselling skills for their anxiety, feeling, etc.
- See 800 million internet users in India connecting everything to everyone, IoT will become commonplace in all walks of life, but unfortunately still 45 crores people are unconnected and deprived of digital services. When will this gap reduce, how will Sonata help reduce this gap?
- Corporations are increasingly being valued on ESG.
- Pradipji, the cyber crime has made, IT has made life easy for us in many ways, but it rightly gave cyber criminals to take away all the benefits. We are living in a world of thieves, they are fearless, anonymous, can loot from remote, they always stay ahead of investigative agencies, they are aware of the weak laws and poor conviction rate. They are products of poverty and unemployment, lack of action of quick conviction, lack of bandwidth to investigate is India's problem. Cyber thieves are larger part of our lives today. It is like this, Pradipji, you dig gold, you melt them, you make ornaments, for the fear of thieves, you hire security guards, and you fear the security guards will kill you. This IT has put us like that, are we putting coins in pockets with holes.
- In conclusion, enhance digitization with simplification of taxes, increase ease of doing business for self reliance, Sonata should work for quick economic revival too. I wish Sonata all the best.



- Thank you, Pradipji. I hope you will speak louder now.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Sorry apologies. Thank you, Mr. Boppana. I will ask Ms. Celestine Elizabeth Mascarenhas. She has some questions and some comments, please go ahead, Ms. Mascarenhas.
- **Ms. Celestine Elizabeth Mascarenhas – Shareholder:**
- Because Mr. Pradip's mic is very low, we cannot hear. Anyway, this one's was very clear and very loud, the presentation. Respected Chairman, Mr. Pradip Shah, other board of members attending this virtual meet, my fellow shareholders, I am Ms. C.E. Mascarenhas, I am attending and speaking from Mumbai.
- First of all, I thank the company secretary, Madam Mangal Kulkarni and her team for sending me the e-Annual Report and also registering me as a speaker at my request. Thank you so much, Madam Mangal, and also giving me this platform to speak.
- Our working is very good, no comments on it, PBT/PAT is up, and dividend of 2100% is very excellent, our EPS has gone up to 36.23 against last year of 23.48. And what is great creditable to our company is we have a lot of cash reserves. Keep it up, it is very good, the balance sheet is very strong. Next, I congratulate you for all the awards and accolades especially the Golden Peacock Award for Excellence in Corporate Governance, 2021, this is really a feather in our cap at Sonata. Now about CSR, I appreciate the CSR work done, keep it up. Also, a lot of importance is given on ESG, now I want to know whether we have done any rating on ESG and if done then what is our rating and which agency has done this rating.
- Now my queries, sir, number 1, we are mainly in Platformation™ delivering more, in fact, full digital services. I would like to know how many customers are using this Platformation™, and how many are added in the last 3 months, in this quarter.
- Number 2, do we have any sector or sales office in Russia or Ukraine.
- No. 3, do we have development centres in Canada, there are others also, but I am just asking about Canada, Vancouver, how many staff are there and how many customers.
- No. 4, what is the attrition level, if attrition level is high, how are we trying to retain the staff especially well-trained hands.
- No. 5, how much capex will be kept for the next 3 years for organic and inorganic growth, keeping in mind mainly the geopolitical issues?

- I support all the resolutions, I wish my company all the best, and may it grow from strength to strength, and we become a very, very powerful digital company in the future.
- Thank you and God bless our company.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- May I now request Mr. Chavda, the next speaker?
- **Mr. Chawda – Shareholder:**
- Thank you, sir. Sir, first of all I would like to congratulate you for the good dividends that you have given to the shareholders. But it is my opinion that if the dividend is good then we have to pay tax to the government. So, it would be better if you buyback, because the more you buyback the equity will be less, and the shareholder will get more benefit in the market in future. I don't wish to say anything about the accounts, I have two CAs in my house and I know that how these accounts are made and how long it takes to get them ready. And you should have a reply ready for all the questions made by the investors.
- I would like to bring to your notice that there is a shortage of chips in India. We hear that the government is giving a subsidy on this and also a benefit and a loan. This shortage of chips is all over the world. And nowadays the chip is necessary in all the things like in the TV, radio and fridge, etc. I want to know whether we can go into this business or no, if you have any such plans for the future. If it is a monopoly business and there are profits in this business, then maybe you can try and go into this business also. Sir, can you hear me?
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Yes, we can hear you.
- **Mr. Chavda – Shareholder:**
- I would like to tell you that you are putting in a lot of money in CSR. We are also giving a lot of donations to schools and the students of these schools become doctors, lawyers and engineers, etc. Are you giving them jobs in our company? We should also give these students education in history also whether it is Maharana Pratap or Shivaji or Rani of Jhansi, it is necessary for the children to learn about such great people. It is also necessary to give them some knowledge about Hinduism. Sir, what about the children of retired army men, are they given any help like educating their children, etc. I read and hear about these sportsmen who didn't have shoes to wear but they become world champions. They do a lot of hard work and become very successful. And these are the people who don't know how to put on their shoes. The company should help such sportsmen in our country with food and clothes and



whatever they need so that they are able to win gold and silver and bronze medals in the Olympic for our country and it will also make a name for Sonata.

- Thank you, sir.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Thank you, Mr. Chavda. And now I will ask Mr. Ravichandran, the next speaker shareholder.
- **Mr. Srikar Reddy – Managing Director, Sonata Software Limited:**
- We cannot hear you, Mr. Ravichandran.
- **Mr. V. Ravichandran – Shareholder:**
- Hello.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Yes, we can hear you, go ahead.
- **Mr. V. Ravichandran – Shareholder:**
- Hello, can you hear me?
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- If there is a technical problem, shall we go back to Mr. Ravichandran later, Mangal.
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Yes, sir.
- **Mr. V. Ravichandran – Shareholder:**
- Can I please?
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Yes, Mr. Ravichandran, we can hear you, we cannot see you.
- **Mr. Viren Raheja – Non-Executive Director, Sonata Software Limited:**
- Let's go to the next speaker please, this will take some time otherwise.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Mr. Ravichandran, we will come back to you later. We will take Mr Bhesania first.



- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Sure, sir, Megha, move him back and we will take him separately. Can we move to the next person? I will talk to him one-on-one and I will tell him that he will be taken back later. Next speaker please, Megha.
- **Mr. Aspi Bhesania – Shareholder:**
- Hello, can you see me and hear me?
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Yes, Mr. Aspi, we can hear you. We can see you, sir.
- **Mr. Aspi Bhesania – Shareholder:**
- Okay, anyway. Sir, I welcome Mr. Samir Dhir and I hope you contribute very well to the company. Mr. Shah, you keep your mic near your mouth because I also couldn't hear you properly.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Sorry.
- **Mr. Aspi Bhesania – Shareholder:**
- Sir, why do you meet analysts one by one, why don't you have a combined analysts meet? Because you are wasting the management time every time meeting somebody.
- Quarter 4, quarter on quarter income has reduced, all the profits have increased. What is the reason for that? And again, quarter on quarter Q4 domestic income reduced by 28% whereas profit increased very slow. Why was Q4 so bad as compared to Q3?
- Sir, receivables have increased from 600 to almost 900 crores, any reason for that?
- You have almost 1000 crores cash what are your plans?
- Buyback is tax efficient way to reward the shareholders rather than dividend. I would request you to go for a buyback rather than as dividend.
- During the year only 46000 shares have been D-Matted from physical. So why don't you do a selective buyback of all the physical shares lying in public? Because it is very difficult now to do a D-Mat for physical shares.
- And I would request the company secretary to give the figures of unpaid dividend also every year for all the years. Like for instance if it is for 2018-19 dividend, you can

give '19-20 it was so much, '20-21 it was so much, '21-22 it was so much so that we know the efficiency of the RT and also the share department. Because then only the people will run after the shareholders, otherwise they just send the reminder and then forget about it and when we apply for duplicate dividend warrant, they create hassles unnecessarily. Because I am facing the same problems in many companies. So, I would request you to please give the dividend figures for every year. And I would request the audit committee chairman also to look into this that the dividend should reduce, then only the secretarial department will be efficient. They just think that by sending a letter or a reminder their job is over.

- Thank you very much and all the best for the future.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Thank you, Mr. Bhesania. May I now request Mr. Kirti Shah the next shareholder speaker?
- **Mr. Kirti Shah – Shareholder:**
- Hello, good evening, sir.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Good evening.
- **Mr. Viren Raheja – Non-Executive, Sonata Software Limited:**
- Good evening, Mr. Shah.
- **Mr. Kirti Shah – Shareholder:**
- You have given us such a good dividend, and there are very few companies in India which does that. Chairman sir, this suggestion of a buyback is also a good one, and with the buyback there will be a reduction in our capital and the profit will increase, there is no issue.
- Chairman sir, the profit for March quarter has come down 16% net profit margin compared to 30% in December quarter. What is the reason for that? The net profit of 56 cores has become 31 crores. Can you highlight this please?
- Chairman sir, I have sent you an email. Your ROE is also quite good at 41%, and it is a good thing that in such a bad situation which is worldwide that your ROE is 41%.
- Chairman sir, wish you all the best, thank you very much.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**



- Thank you, Kirtibhai. May I now request Mr Vinod Motilal Agarwal, the next shareholder speaker.
- **Mr. Vinod Motilal Agarwal – Shareholder:**
- Respected chairman, Pradip Shahji, I am a fan of you. You started my company HDFC and even CRISIL you are a founder member, and now you have started Greener Tree Plantations and all, you are my favorite, sir, you have been recently appointed as the chairman for Pfizer also and also for BASF in India.
- One or two queries, sir, even awarded the Golden Peacock and Microsoft Eagle Award which is a good thing.
- My query on acquisition of Encore Software Services for Cloud services in San Jose, what was the cost of acquisition and what was the revenue of the company of Encore before our acquisition, what will be the revenue that it will generating for our company. I went through the annual report I could not get, or I could have missed it also within that voluminous report.
- As others also said your voice was low today due to the speaker proximity not being close by to you.
- Sir, did we have any offices in Ukraine or Russia and any impact if they were there, losses due to sanctions and other issues.
- I was very pleased with the presentation given by Srikar, we got to learn a lot of things, 75% of our India business is on the annuity basis and the model is on annuity basis not developing something now and selling again and again. Once the platform is made you can modify it and give it to other clients also and get revenues out of that. So, I am very pleased.
- Revenue was 30%, our PAT margin was 50% plus, and the dividend increased by 15% from 14 to 21%. I am very pleased with the company's performance. And as retail shareholders we want money in our hand. If we get shares, our holding will go down, sir, we will not get the dividend also. We want money in hand, maybe tax efficient way of giving. But also, you could give bonus also with the 1000 crores of other equity with you and a small equity of only 10 crores. You can also give bonus and we can sell those bonus shares and still retain a large chunk of holding with us.
- Thank you, signing off from Mumbai, Vinod Agarwal, thank you, sir.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Thank you, Agarwal saab, thank you very much. May I now request Mr. Bimal Kumar Agarwal the next shareholder speaker to speak to us?
- **Mr. Bimal Kumar Agarwal – Shareholder:**



- Hello, hello.
- **Mr. Srikar Reddy – Managing Director, Sonata Software Limited:**
- Yes, we can hear you.
- **Mr. Bimal Kumar Agarwal – Shareholder:**
- Good evening to everyone. First of all, thank the company secretary and her team, now I will come to the questions.
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Sir, we have little bit connectivity issue from Mr. Bimal Kumar Agarwal.
- **Mr. Bimal Kumar Agarwal – Shareholder:**
- Hello, hello.
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Yes, sir, proceed, sir, we can hear, I think there is connectivity issue, yes, sir.
- **Mr. Bimal Kumar Agarwal – Shareholder:**
- Can you hear me?
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Yes, sir, please proceed. Yes, sir, we can hear you.
- **Mr. Viren Raheja – Non-Executive Director, Sonata Software Limited:**
- Mr. Bimal, requesting you to go fast.
- **Mr. Srikar Reddy – Managing Director, Sonata Software Limited:**
- His connectivity is not good, Mangal. Let's get the next speaker. You should take him offline and get his questions, ask him to type it or something.
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Yes. I am just telling him. Sir, we are not able to hear you. Sir, we request the earlier speaker, Mr. Ravichandran to join again and then I will talk to Mr. Bimal. Megha, can we shift Mr. Ravichandran please.
- **Mr. Viren Raheja – Non-Executive Director, Sonata Software Limited:**
- Yes, Mr. Ravichandran, please ask your questions.



- **Mr. V. Ravichandran – Shareholder:**
- Hello, can you hear me now.
- **Mr. Viren Raheja – Non-Executive Director, Sonata Software Limited:**
- Yes, you are audible.
- **Mr. V. Ravichandran – Shareholder:**
- Okay, see I am a shareholder since 2004 and I have only increased my shareholding number of shares since then. And in 18 years in a growth industry, one should have expected bonus shares. I don't why the company has not thought of issuing bonus to these shareholders. Equity is not very high; it is only 10.37 crores so at least 2 bonus shares the shareholders should have expected in a period of 18 years. So, I request the company to consider issue of bonus shares, this is point number one.
- Point number two is what are the plans to make this company a billion-dollar company? You have any plans? Because in 18 years you know I have seen other companies grow very fast. L&T Infotech for example it is doing a turnover of more than 14000 crores. I think it was growing the way Sonata was also growing. But Sonata has not even crossed the billion-dollar mark. I don't know, you have some restructuring plan it seems. Probably this is also one of the plans in your restructuring plan, that is point number 2.
- Point number 3, what is the rationale behind substantial increase in salary to CEO and CFO. I don't know, is it because of the problems in the industry and this increase has been given to all the employees or it was specific only to some people in the company, I do not know. This is something you can probably explain.
- And MD and CEO position is supposed to a whole-time position, but I see in the annual report the MD and CEO is also a director in other companies. So, if it is a Group company we can understand, but he is director in companies not related to anyway Sonata. So, I don't know how much time he spends in the directorship of these other companies.
- And there is one point rendering of services with North American subsidiary where you have rendered services to the extent of 261 crores but there has been no dividend payment from that subsidiary whereas if I see the European subsidiary, it has given some dividend, what is the reason?
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Go ahead, Mr. Ravichandran.
- **Mr. V. Ravichandran – Shareholder:**



- Yes, and last one is on the CSR activity, it is predominantly focused in Karnataka, are there any reasons. Sonata is supposed to be a global company and all India company, why the focus is only in Karnataka? You may have reasons because you are headquartered in Bangalore so that could be one reason. But CSR activity is supposed to be extended to all the states throughout India, pan-India basis.
- So that's all, I wish you good luck, you have come with good set of results. But bonus is something you can consider. I had written earlier also but anyway; the investor services cannot respond on this. It is only the board, and the shareholders should take a decision on this.
- Thank you and wish you all the best.
- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Thank you, Mr. Ravichandran.
- **Mr. Viren Raheja – Non-Executive Director, Sonata Software Limited:**
- There are no further questions, Mangal, then Srikar can answer?
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Yes, sir, answers can be given, there are no further speakers.
- **Mr. Viren Raheja – Non-Executive Director, Sonata Software Limited:**
- So, Srikar, do you want to take the answers?
- **Mr. Srikar Reddy – Managing Director, Sonata Software Limited:**
- Sure, okay, thank you.
- Thank you, Mr. Boppana, Ms. Mascarenhas, Mr. Chavda, Mr. Ravichandran, Mr. Bhesania, Mr. Kirti Shah, Mr. Vinod Agarwal, and Mr. Bimal Agarwal. I think I will try to consolidate some of the questions and then answer them instead of answering each question from each shareholder separately.
- I think there has been a question around basically the impact of war in Ukraine-Russia and maybe some things which are going on in Sri Lanka. The company doesn't have any presence in Russia or Ukraine, so there are no sanctions, and we have no customers, we have no business. So that hasn't impacted us in terms of the presence and the related things like sanctions and so on and so forth.
- I think there has been questions around I think people attrition/retention, as I mentioned earlier that last year was a challenge in terms of the demand on talent. Of course, like the rest of the industry our attrition went up though I should say that our average was lower than the industry average. We put in a lot of both monetary

and non-monetary retention mechanism in place. As I mentioned we look at and of course, also other aspects like hiring of trainees, cross training of resources, opening up of centres, looking at tier 2 cities for talent, etc, a whole lot of initiatives to deal with the talent and we do see some softening as we go forward, and we do believe that should be in control.

- I think there has been a question on the Q4 results, I think mainly the thing is as I said the revenues are really consolidated revenues are impacted because of the domestic business. As I have said in many of the shareholder meetings and analyst calls that we look at the domestic business from a gross margin perspective, PAT perspective, EBITDA perspective because of seasonality sometimes. There are heavily high value orders at low margins based on seasonality and that bumps up the revenue in some quarters. But not necessarily the absolute percentage of margin. So that is one big reason in terms of the drop in overall revenue in Q4 at a consolidated level.
- But there are also questions about drop in profit I think that purely coming from a standalone company. But if you look at the consolidated company there's been a growth in EBITDA and PAT in Q4 both year-on-year and of course, quarter-on-quarter.
- And there have been questions around the Encore acquisition. We have seen the revenues of the company grew almost 20% since the acquisition. We have had a couple of dividends from that acquisition in the last few quarters and we see I think we have mentioned the cost of acquisition in the release we have made. And we are looking at the return on that investment, I think it is extremely high in terms of what we have invested and what we are getting in terms of both profits after tax in the last year and what will happen going forward.
- I think some feedback and comments around buybacks and bonus shares as mentioned by Mr. Shah many times in these meetings, we will look at these things at the board levels and make decisions which are in the interest of the company and the shareholders. Your feedback is well received on that topic.
- I think I have covered most of the questions and as I said I have consolidated some of the questions, but I have tried to address all the questions which have been asked by various shareholders.
- Again, thank you all for your support and for the feedback and we continue to look forward to working with all of you.
- Back to you, Mangal.
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Over to you, Chairman, for the closing remarks.



- **Mr. Pradip Shah – Chairman, Sonata Software Limited:**
- Thank you, Srikar.
- Members may note that the voting on the NSDL platform will continue to be available for the next 15 minutes therefore members who have not cast their vote yet are requested to do so now. The board of directors has appointed Mr. M.V. Bhat, Practising Company Secretary as the scrutinizer to supervise the e-voting process. The combined results of the remote e-voting and e-voting done at the meeting today will be declared on receipt of the scrutinizer’s report and placed on the company’s website and submitted to the stock exchanges as per the requirements under the SEBI Listing Regulations. Further I hereby authorize Mangal Kulkarni, Company Secretary, to declare the results of the voting and place the results on the website of the company.
- On behalf of the board of directors and management of Sonata thank you all for attending this meeting and I hereby declare the proceedings of the annual general meeting as closed.
- Thank you very much and thank you to the shareholders for participating.
- **Ms. Mangal Kulkarni – Company Secretary, Sonata Software Limited:**
- Thank you, sir.
- **Mr. Srikar Reddy – Managing Director, Sonata Software Limited:**
- Thank you everybody.
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- **END OF MEETING**