



Transcript of the 29th Annual General Meeting of Sonata Software Limited

Company Secretary: Good afternoon, I am Mangal Kulkarni, Company secretary of Sonata Software Limited, joining this meeting from Bengaluru. I welcome you to the 29th Annual General Meeting of the Company.

Quick info on the conduct of the meeting and guidelines for the Q&A session. Members may note that this Annual General Meeting is being held through video conference in accordance with the Companies Act 2013 and relevant circulars issued by the Ministry of Corporate Affairs and SEBI from time to time.

The proceedings of this meeting are being recorded for compliance purposes. By default, the host places all participants on mute. During the Q&A session, speaker shareholders will be unmuted and are requested to enable their video for active participation. In case video is unavailable, they can still participate using audio mode. In case of connectivity issues at the speaker's end, we will proceed with the next scheduled speaker. Once the connectivity is restored, the affected speaker shareholder will be given another opportunity to speak. We request shareholders to keep their remarks within a three-minute time limit.

Moreover, should any shareholder encounter technical difficulties, they are encouraged to reach out for assistance through the helpline number provided in the Notice of the AGM.

Additionally, shareholders who are not designated as speakers can actively participate by sharing their views or posing questions using the "Ask a Question" tab available on their video conference screens. The answers to the same will be provided towards the end, if time permits or through emails after the AGM.

Thank you very much. I now request Mr. Pradip Shah, Chairman, to continue with the proceedings.

Mr Pradip Shah: Good afternoon, Dear Shareholders,

I am Pradip Shah, Independent Director and Chairman of the Board, Audit Committee and Risk Management Committee. I have joined the meeting from my hotel room in Chennai. On behalf of the Board of Directors of your Company, I have great pleasure in



extending warm welcome to all of you to this 29th Annual General Meeting of the Company.

This meeting is being held through video conference as statutorily permitted. I affirm that the Company has made all efforts feasible under the circumstances to enable members to participate and vote on the items being considered in the meeting.

We have the requisite quorum present through video conference to conduct the proceedings of this meeting. I now call this meeting to order.

Before we proceed to the formal Agenda of the Meeting, I request my colleagues on the Board to introduce themselves,

1. Samir

Samir Dhir: Good afternoon, everyone. I am Samir Dhir, MD and CEO of the Company. I have joined the meeting from Bengaluru.

2. Srikar. Srikar, you are on mute, I think.

Srikar Reddy: Good afternoon, everyone. I am Srikar Reddy. I am the Executive Vice Chairman and full-time director of the Company. I am attending this meeting from my residence in Bengaluru.

3. Shyam

Shyam Ghia: Good afternoon, I am Shyam Ghia, joining from Mumbai. I am a Non-executive Director and Chairman of the Stakeholders Relationship Committee,

4. Thank you. Viren.

Viren Raheja: Hi, Good afternoon. This is Viren Raheja. I am attending this meeting from my office in Santacruz. I am a Non-Executive Director of the company.

5. Thank you. Radhika. You are on mute, Radhika.

Radhika Rajan: Good afternoon and namaskara. I am an Independent Director of your company. I am the Chairman of the CSR Committee. I am joining this call from Bengaluru.



6. Thank you. Sanjay Asher

Sanjay Asher: This is Sanjay Asher. I am an Independent Director of the company, and I am Chairman of the Nomination and Remuneration Committee.

Mr Pradip Shah: Thank you, very much. Dear Shareholders, I am pleased to introduce two distinguished members of our Board who have joined us recently. The first is Mona Desai. Over to you, Mona. We cannot hear you. Mona, you are on mute.

Mona Desai: Good afternoon, I am Mona Desai. I am joining this meeting from Mumbai. I am an Additional Director designated as Independent Director.

Mr Pradip Shah: Thank you. And then Surin Shailesh Kapadia.

Surin Kapadia: Good afternoon. I am Surin Shailesh Kapadia. I am joining this meeting from Mumbai. I am an Additional Director of company designated as Independent Director. Thank you.

Mr Pradip Shah: Thank you. And Mr Jagannathan.

Jagannathan C N: Good afternoon. I am Jagannathan Charborty, CFO of Sonata Software.

Mr Pradip Shah: Thank you, Jagannathan. Ms Mangal Kulkari is the Company Secretary for this meeting.

Apart from them, we also have senior leadership team members of the Company joining from their respective locations.

Further, our Auditors, Mr. Amrit Bhansali and Mr. Vivek Gopalakrishnan from BSR & Co LLP, Statutory Auditors, Mr. Parameshwar G Hegde, Secretarial Auditor and Mr. M V Bhat, Company Secretary in Practice who has been appointed as Scrutinizer for e-voting and the AGM are also present at this meeting virtually.

On behalf of our Board of Directors, I would like to thank you again for joining us today.



In case of any network connectivity issues that I may come across during the meeting, with the consent of all Directors present in the meeting, I authorise Mr. Samir Dhir to continue the proceedings of the meeting.

The Registers required under the Companies Act, 2013 and other documents mentioned in the AGM Notice are made available electronically for inspection by the members.

As this 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 3,829,330 shares representing 1.37% of the paid-up capital of the Company.

As the Notice of this meeting has been sent by electronic mode to all members entitled to receive the same, I take the Notice as read.

Since the Chairman and CEO messages are already part of the Annual Report, I consider the same as read.

The Statutory Auditors' Report and Secretarial Auditors' Report have no qualification and are taken as read, along with the Board's Report and Audited Financial Statements.

As required under Section 108 of the Companies Act, 2013 read with applicable Rules and Regulation 44 of the SEBI Listing Regulations, 2015, your Company has provided a remote e-voting facility to all the members to cast their votes electronically in respect of all businesses mentioned in the notice.

Members, who are present in the AGM through VC, and have not cast their votes on the resolutions through remote e-voting, can vote during the meeting through e-voting facilities provided by NSDL.

I now request Mr Samir Dhir to present the performance of the Company for FY 2023-24 to the members.



Samir Dhir: Thank you, Pradip. Good afternoon once again. As I start the presentation, you can see that the name of the presentation is 'Agile and Accelerating'. And it is apt because as we scale Sonata in a steadfast manner, we are really trying to make our customers more agile and accelerate our outcomes on one end, and on the other end, we are trying to make our company more agile and accelerate outcomes for our people so that they can gain more career span, more career progression in the company. That is the backdrop of the name. With that, the leadership team enabling the vision, for this vision, on this chart. This is the team, and I am delighted to have this executive leadership team supporting me and the entire management team supporting our vision as we move forward.

Just to give you a glance of Sonata, as you know, we are focussed on building our modernization and digital engineering powerhouse as we move forward, using a unique platformization framework. We have been in the business for about 38 years as a distinguished IT services provider. Publically listed, our revenues have now crossed USD 1 billion plus during the course of last fiscal. Our 10 year CAGR is 51.1%. We have crossed 6600 employees across the globe and we are proud that today we have over 15 nationalities serving on Sonata as employees, which is a great hallmark to have, as we take the company more global.

In terms of offerings, we have continued to be focussed on delivering cloud engineering, AI and data engineering, dynamics, managed services, automation, and digital contact centers as part of our broader modernization services for our customers.

To recap, our performance vision for Sonata is to reach USD 1.5 billion in revenue by FY 27 through delivering differentiated modernization engineering services for our clients and as we do that, we want to continue to harvest capabilities that Sonata has traditionally been very strong in, i.e., Microsoft, [10:42](#) relationship, the Microsoft Dynamics capabilities, SITL Momentum, and then historically, retail, manufacturing, travel and TMT verticals, we have been strong in. If you recall, we have also made investment in the newer area which is call as invest areas. We invested more in our sales effort, specifically as it relates to as our partner's sale. We invested in our large lease capabilities, as we also invested in 2 new verticals which is banking and financial services and insurance and healthcare and life sciences. Additionally, we invested in AI and fabric capabilities for Sonata. All this really helped us diversify and build a more global business as we move forward and build multiple large client as we scale the



company as build a more global brand in modernization engineering as we move forward in the industry.

We are delighted that over the course of the last fiscal year, we have gone more global. At this point in time, we cover from Seattle in the US to Brisbane, Sydney and Melbourne in Australia and several geographies and countries in between. We opened in the course of the year, our centers in Guadalajara, Mexico, in Egypt and in Malaysia. We are proud and delighted that we are having a wider reach as a company over the course of the year. Our key verticals partners and focus areas, I can draw your attention to the left side of the chart. We are very focused on the 4 industry verticals. The biggest one being TMT which is telecom, media and technology. Second being RMD which is retail, manufacturing and distributions. Third banking financial services and insurance and fourth healthcare and life sciences. So, across all geographies that we focused on, we really focused on these four industry verticals. We really want to powerhouse as you build the company forward in these focus areas in the realm of modernization engineering. We have expanded our partner footprint. If you recall Microsoft relationship with a 25 year plus relationship for Sonata now. We have now expanded a relationship to include AWS, Salesforce, Google and several other domain specific partners as we scale our domain capabilities. We're proud with the IPs that our teams have created over the years. These are Chatbot, Workbox.io and several tools in the Lightning build area that Sonatians have created over the years.

Our sustainability perspective, our goal remains to be net zero emission by 2050 and we're taking several steps towards that direction as a company. To summarize what worked well for us in FY24, clearly, we're delighted with the fact that we had several large deals wins during the course of the year. We had 14 large deals in the course of the full fiscal year. We're very proud of the Quant merger and acquisition that we did during the course of the year prior, but the whole benefit of the merger came through in the course of the fiscal year itself. And we integrated the whole team from Quant and their go-to-market offerings and the team are integrated with Sonata at this point in time. From modernization in the perspective, we made rapid progress in cloud and data side. Our pipeline in cloud data is now over 52%. Two years back, that number was about 15%. So, we're more than tripled in the cloud and data pipeline area and that's significant for us as we become a powerhouse in the modernization engineering space for our customers. We talked about our verticals and partnerships. So those are the verticals and partnerships that we want to really grow and SIDA, which is the India business of Sonata, has had a very steady gross contribution growth during the year.



Let me pivot to how we're making company agile and helping our customers. Agile is an acronym for action, growth, integrity, learning, and empathy. This is a call-out to all Sonatians as a way of working within Sonata and these are all composite and come together to help us deliver superior delivery quality to our customers.

Action is important. Growth mindset is important. Integrity, which is a hygiene factor to make sure that we're all delivering our work with the highest possible integrity.

Learning, as technology changes, our team members are learning the new technology areas and empathy with all the stakeholders, whether it's our customers, our team members, our partners, and the social community that we operate in. We really want to be empathetic to all the constituents of the society we work in. As a recap, we had continued, we made six bets, and we shared those six bets last time when we met in the AGM.

During the course of the year, we added two more bets. Just to recap the six bets, the first one was growth of four verticals that I just talked about. The second one was to really focus on key markets like US, UK, and Europe.

The third one was to really double down our capabilities in cloud, data, Microsoft, and AWS. Fourth one was to really scale large accounts and large deals. Fifth one was to really make Sonata a global brand.

And sixth was to develop talent and leadership within the company. During the course of the year, I'm delighted to share with you that we made two additional bets. One was in Gen AI, as market shifted towards more AI.

We took a leapfrog in that and we created our own AI framework called Harmoni.AI and also made a bet on Fabric, which is a Microsoft offering, which is an infrastructure for AI for our customers. In addition, we increased our focus and efforts in IT automation and security for Sonata so that we can make sure that we build a resilient and secure company and keep investing in that area as technology is maturing. Let me give you a glimpse on Harmoni.AI, which is a very important investment we made in the course of FY24.

This whole offering was created with Responsible First as an emphasis. Why Responsible First? Because this is an era where you want to be responsible from a data privacy perspective for our customers. You just want to be responsible from an environment perspective so we can reduce the compute and hence the strain on the environment by building efficient systems.

And responsible from data privacy from a consumer point of view as well. That's the core tenet of how Harmoni.AI has been built within Sonata. As part of that, we have been proud



to be a Microsoft Partner Council member and AWS Partner member with our Harmoni.AI offering.

Let me share with you some of the wins we had in the course of the year on modernization, which really leveraged our modernization capabilities as well as our AI capabilities. The first one is in the healthcare industry where we run a large multi-year contract to do modernization services for clinical tech clients in a managed services model. This is a US headquartered customer.

The second one is for the manufacturing and services industry for a client based out of Sweden. We are doing a global rollout for them across 13 countries for finance transformation. This rollout will be deployed in Australia, Europe, APAC, and US.

And the third one is in the finance industry for a US headquartered company for doing cloud modernization for them for moving applications and data systems from on-prem to cloud. These three and many other wins that we had in the course of the year are really a testament of differentiated capabilities your company has built from a cloud and data perspective and modernization AI perspective. Our efforts are being recognized by various industry constituents.

We're delighted by the fact that we were, during the course of the year, judged as the best governed company at a 23rd ICSI National Awards for Excellence in Corporate Governance. We're truly delighted with that honor. Sonata was also adjusted as the top three fastest growing Indian brand by Brand Finance.

In addition, we won several other awards, ranging from Inner Circle Award from Microsoft to Sustainability Awards to Sonatian Great Workplace Award and Ecovirtus Awards. All this is really a summary of how our teams have performed and operated in FY24, leveraging years of hard work that have gone into build Sonata and we've continued good work and we're very delighted and proud of the work that our teams have done. Our people continue to be a strength. We have really channelled our energy to enhance further on diversity and inclusion. It's a core part of the mandate that we've taken on. We created a diversity and inclusion concept within the company.

We had several events in the company to really engage our employees globally, including marathon runs, including PlayPick events and we're also delighted the fact that Mangal, Balaji and Jagan were awarded as the best CFO, CHRO and awards for our corporate governance. We're really delighted with the progress our teams have made globally and



our leadership team have made. With that, I'm going to turn it over to Jagan to talk about our financial performance.

Jagannathan C N: Thanks Sameer. Good afternoon, all. We have been having a consistent performance in terms of revenue, EBITDA and PAT for the last 10 years. The revenue growth has been up to a tune of CAGR 15.2% over the last 10 years and the EBITDA has grown faster than the revenue at CAGR of 17.7% and the PAT has grown at CAGR of 16.8%. These percentages over a period of 10 years have been industry leading and an outstanding performance consistently by your company. Next is an update on our Rs.1.5 billion goal.

What we took in FY24. We said that we will reach the \$1.5 billion turnover, Rs. 1 billion in domestic business and Rs. 0.5 billion in international business. This is an update on that goal. At present, the international revenue stands for the financial year 23 was Rs. 241 million and financial year 24 was Rs. 323.6 million which indicates a 34.3% year on year growth which is an industry leading growth for us last year. The SITL revenue in FY23 was Rs. 5,539.8 has grown to Rs. 5,950.5 which is 7.5% year on year growth. In SITL business the revenue turnover is not the way we measure the business.

We measure based on the gross contribution, absolute amount of gross contribution. Consol revenue for the year FY23 was Rs. 7,449.1 crores moved to Rs. 8,613.1 crores which is like 15.6% year on year growth which is again an industry leading growth. The consolidated profit was Rs. 451.9 crores in FY23 to Rs. 483.2 crores in FY24. This is in spite of the 1.52% of our revenue we have been investing in the international business. Coming back to the update on the domestic business, domestic business has been consistently growing their ROCE as well as the gross contribution amount. The revenue has grown from Rs. 5540 crores to Rs. 5981 crores in FY25 with ROCE of increasing from 41.1% to 47% for us in FY24. This has been a consistent outstanding performance by our domestic business. The EBITA has year on year grown by 16% and GC has by 18% year on year. This has been an outstanding performance by the domestic business. This is not the 1st year, from last 3 years the consistent performance continued for them .

An update, the other financial key metrics update. We have got a EPS of Rs. 17.35 per share which is consistently being growing industry leading growth there. Our cash and cash equivalent as of 31st March 2024 was Rs. 1115 Crores and ROCE at the company level both domestic and international business together is 28.8% which is again an industry leading ROCE for the investment. the other important aspect of dividend, we declared an interim dividend of Rs. 3.50 per share then final dividend of Rs. 4.40 per share. We have also given bonus issue of 1:1 with record date of 12th December 2023.



Mr Samir Dhir: Thank you, Jagan. With that, we hand it over to you, Pradip, I just want to thank Sonatians globally who have tirelessly in the course of FY 24 to deliver this performance. Our team members worked day in and out, over the weekends sometimes, but we are delighted that our teams have done it. So, thank you for their efforts. With that, Pradip, over to you.

Mr Pradip Shah: Thank you, Samir and Jagan. We will now resume the proceedings. We will now take up the following resolutions as set forth in the Notice. We will open the floor for 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. First,

Ordinary Business

Item No.1 of the Notice - To receive, consider, approve and adopt Financial Statements for the Financial Year 2023-24, 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 ₹ 4.40 per equity share of ₹ 1/- each, i.e., 440%, and to confirm the payment of Interim Dividend of ₹ 7 per equity share of ₹ 1/- each, i.e., 700%, already paid for the FY 2023-24.

Item No.3 of the Notice - To appoint Mr. Shyam Bhupatirai Ghia who retires by rotation and being eligible, offers himself for re-appointment.

Special Business

Item No.4 of the Notice - To approve the appointment of Mr. Surin Shailesh Kapadia (DIN: 00770828) as an Independent Director of the Company.

Item No.5 of the Notice - To approve the appointment of Ms. Mona Ninad Desai (DIN: 03065966) as an Independent Director of the Company.

Item No.6 of the Notice - To approve the re-appointment of Mr. Sanjay K Asher (DIN: 00008221) as an Independent Director of the Company, for a second term of five consecutive years.



The text of the said resolutions is provided in the Notice circulated to the members.

If any registered speaker shareholder desires to ask a question about 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. 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. Bimal Kumar Agarwal to kindly proceed with the question.

Ok. Then we have a question coming in from the next shareholder, Mr. Arun Kumar Bopanna, our friend from regular times, go ahead Mr. Boppana.

Mr. Bopanaa: Hello.

Mr. Pradip Shah: Hi, yeah, we can hear you.

Mr. Bopanaa: Pradip Ji, I haven't seen you for 2 years.

Mr. Pradip Shah: I know, good to see you good to see you.

Mr Bopanaa: Technology has cut down distances and timelines and removed barriers to dealing with strangers. It has also removed the intimacy and the personal equation making us strangers for the day. I miss you and Srikar. Srikar has changed just. I didn't know that he changed the gears. The world today is gearless, keyless, tubeless, and wireless but greed is endless. I don't know why we are not able to meet face-to-face. It has become faceless now. Complements for being the best-governed Company, revenue crossing USD 1 billion and for the market cap, reflecting the market's confidence in the Company and for all the awards for the Company and the individuals over performed in Quant and Encore acquisition, efficiency of capital allocation and integration model. Challenges: The world faces uncertainties navigate uncharted waters and encounter obstacles that test our resilience. And thanks to Srikar for all his courtesy and cordial relations over the years as MD, proud of his integrity and compassion over the years. He is a rare soul with much prestige attached to his name. Welcome to Samir



Dhir as MD and CEO for limitless possibilities for Sonata. And I think we invested in, we made two big bets, Gen AI and Microsoft Fabric. I wish you all the best in that.

Questions: With the rise in the use of AI and Geni, what are our options and investments to amplify human potential using AI technology? Sonata's testament to ongoing commitment to creating an employee-centric workplace. What are our investments in employees in continuous and consistent and purpose is seen. The digital environment has changed rapidly, with cyber-attacks. Sonatas plans and actions to mitigate cyberattacks. We are all from the farming community, and we would have been harvesting for crops. But the other day I met an IIT gentleman, and he said that there are people harvesting passwords, for cybersecurity. What is the risk and what is Sonata taking care to avoid the harvesting of our passwords? Scale or speed gives audacity to cyber criminals being faceless, and humans being helpless. How will Sonata help law enforcement agencies? Mark Twain said that AI will see the death of IT services. Your comments. Changes in decades now happen in less than a year, markets evolve at breathtaking speed, customer expectations shift overnight, and disruptive innovations emerge. What is Sonata's structure strategy for scale and speed? The AI is a genie in a bottle. With the development of nuclear weapons, the genie got out of the bottle. It did terrible things. Is AI a scare like a genie? Regardless AI is projected to reach USD 1811 billion by 2030, creating 2 million jobs with AI and ML. What will be Sonata's pie in that? Globally multiple megatrends are shaping. How many employees have been upscaled on Genie and AI technologies in Sonata? Warren Buffet wants the potential to harm the next growth industry. Will these adverse things turn out to be great blessings? AI has the potential for good things and all the potential for harm too. In conclusion, deliver outstanding value to clients, employees, communities, and shareholders, deep-rooted in our own engineering experience with 5 core tenets: action, growth, integrity, learning, empathy, etc., with Sonata remaining a modernization engineering powerhouse. I wish you all the best. Nice seeing you, Pradip Ji. Hope to see you sometime soon.

Mr. Pradip Shah: Thank you, thank you so much. I look forward to that. Now I ask Mr. Praful Chawda please go ahead with your question. Ok, then we will go to Mr. Aspi Bhesania. Aspi?

Mr. Aspi: Sir, can you see me and hear me?

Mr. Pradip Shah: I can hear you, but I don't see you yet. Ah, now I can see you. Good to see you.

Mr. Aspi: Ok, Sir. The first question, why no physical AGM? Sir I thank the Company Secretary and the share department for allowing me to speak. I welcome Mr. Kapadia and Ms. Desai. Sir, Chairman Sir, now you are retiring *toh* who will take over as Chairman in your place? who we can see next year in the physical AGM. Sir, congrats on reasonably good results, revenue, and profit before exceptional items for the year have increased. However, Q4 revenue has increased year on year, but profit has reduced. Again, quarter-on-quarter revenue and profit have reduced. Sir profits are getting squeezed. Sir, coming to Q1, revenue is higher year on year and quarter on quarter. Again, however, quarter-on-quarter revenue has reduced. Profit is low year on year and quarter on quarter. So, what are our plans to increase the profits rather than revenue? Sir when do we cross annual revenue of 10,000 Crore Rupees. Can we cross in 2025 or 2026? Sir, year on year-on-year inventory and receivables have increased. Any guidance for the revenue and profits for the year and next year? Sir, we have about Rs 1000 crore cash on the balance sheet and buy buyback is becoming taxable from the 1st of October. So, what are your plans for doing a buyback before the 30th of September? I know you won't be there but somebody else can answer this question. Thank you very much and all the best for the future. I hope you come with a good buyback.

Mr. Pradip Shah: Thank you. Mr. Vinod Motilal Agarwal.

Mr. Vinod: Hello, can you hear me? Can you hear me?

Mr. Pradip Shah: Yes.

Mr. Vinod: Respected Chairman Pradip Shah, MD Samir Dhir, CFO Jagannathan C N, and CS Mangal Kulkarni Ji, Good Afternoon and gratitude to everyone. I voted for all the 6 resolutions sought to be adopted in today's meeting. Sir, the revenues are good, and the cash balances are for Rs 1115 Crore, as mentioned by Mr. Samir Dhir. All are good. The financials are good, and even the new technology is developing, harmony AI all are good, Sir but will generative AI replace the workers that are there on a large scale? That is the question being asked by many people and even governments are wanting to regulate generative AI. Sir, you are doing your regulated AI in your sense Sir, and with a human touch kind of a thing, as has been mentioned in the annual report. Sir. But it's a disruptive technology that is coming into the folds within our lifestyle, Sir. All very good sir. Now one discrepancy within the annual report. It is a major one Sir. It can be penalized for the Company Sir. Sir on page 27 of the Annual Report, the map zone of India is not correct Sir. You have exceeded Indian territory to Pakistan in that map Sir.

You have taken the Sir. We are AI compliant; we are data compliant, we are data scientists you have got. How could we not see the map which has been printed within our annual report? We are showing Indian territory to be Pakistani territory, Sir? It should have been looked into before printing. Since there are a lot of large Indian mapping Companies, we should take Indian Mapping companies. Sir, we have taken I think so from Google Maps. Google Map will show Indian territory as Pakistani territory. Next time I hope this mistake doesn't arise on page 27 Sir as it has arrived this year. It is penalizable Sir on the geographical basis of India Sir. I wish the Company all the best Sir. The company has been doing good dividends and good bonuses, and I miss you, Sir. I have been a great fan of yours since you were at Harvard, you started CRISIL, and you started green plantation drive. I am a great fan of yours, Sir.

Mr. Pradip Shah: Thank you, thank you.

Mr. Vinod: *Bombay mein kuch organize karyiga, Sir.*

Mr. Pradip Shah: Sure, sure. Thank you, thank you very much. I now request Mr. Anil Baburao Mehta to ask his questions or questions. Go ahead Anil Bhai.

Mr. Anil: Hello, am I audible?

Mr. Pradip Shah: yes, yes you are.

Mr. Anil: Thank you, Sir, good afternoon it is Anil Mehta [36:53](#)

Q1. With the increase in globalization, what has the Company done to increase the international breadth of knowledge and experience on the Board?

Q2. How does the management monitor inter-company transactions?

Q3 What are the major opportunities and challenges facing the Company and how does management plan to respond?

Q4. What are the principal objectives of the Company in the business plan for the next year, and for the next 5 years?

Q5. How does the Company assess its liquidity and availability of the funding sources for operations? And the last question is, what is the Company doing to improve shareholders' relations?

With this, we are supporting all the resolutions and thank to the Secretarial department for the cooperation. Thank you very much, and best of luck.

Mr. Pradip Shah: Thank you Anil bhai. Mr. V Ravichandran, please go ahead.

Mr. V Ravichandran: Am I audible, Sir?

Mr. Pradip Shah: Yes, you are.

Mr. V Ravichandran: Yeah, Good afternoon, Chairman and all the others that are present in the AGM. First of all, my hearty congratulations on crossing the USD 1 billion mark. Two years back you set a target and it has been achieved. Last year technically you achieved but because of the currency fluctuation. You did not cross so hearty congratulations once again. My first point is, so the Company is operating from you know Samir said, from Seattle to Melbourne. You know there are so many countries involved, so many regulatory frameworks, how is it being you know monitored? How people are being imparted with the knowledge of the regulatory changes? That, I would like to understand. Just take this example of India. The IPC, criminal procedure code, and evidence act haven't been replaced, though the name has changed. There are some changes in that so. People are involved in you know documenting various pieces of evidence, so how the knowledge is imparted to the various staff members? This I would like to understand and also the periodicity with which these regulatory frameworks are reviewed within the system. My next point link to this is, that the executive leadership team, the Company Secretary, and the Legal head are not included, I do not understand why it is so. Because you are operating in so many environments. So, this is a crucial you know position. I feel CS also should be included in the Executive Leadership team. This is a suggestion which you may like to review your way. And the next point is how do you, you know evaluate or identify new businesses for you know development and incubation. So, what is the process involved? Next, see 2 years I have been consistently talking about the mistakes in the annual report, this time also, for example, I will give you some samples, on pages no 108 and 109 denomination is not mentioned and you know there is a reference in the standalone balance sheet to notes 16B, 16A sorry but if you take 16A details, they are not matching. Same way 17.2, there is a reference to note 38, note 38 is a related party transaction. You know there are so many things involved but only one part of it is relating to dividends from the subsidiary. Maybe you know the team could have presented it by giving a head for each item and cross reference could have been given in 17.2. That would have made it easier for investors to understand the details. Last year also, I pointed out, that this year people have not taken cognizance of it. It has been ignored. The next point is a dividend from subsidiaries, which is Rs 302 Crores. Is it you know sustainable, year on year basis? Is the Company going to get you to know the dividend of this magnitude because if you eliminate this Rs 302 crores from the standalone profit, the net PAT is Rs 56 or 52

Crores only? So, I don't know the sustainability of this. You may clarify. The next point is the dividend paid last year; the previous year was Rs 233 crores. I am talking about the total quantum. In the current year you have reported a dividend pay-out of Rs 219 cores. So, the Company has given a bonus no doubt. Last year also the bonus was given but the total quantum cannot come down. So, this, we may like to review. My next point is the trade payable and the trade receivable you know. I don't know if it is how the industry you know functions. I do not know. The ratio is just 16% only. Normally you know you buy something or take services from outside. So, the payable will be you know about 60-70% of the trade receivable, but here it is too low. I don't know if this is how the software industry functions. You may like to explain. Then on page 346, see all the companies mentioned our wholly owned subsidiaries but I don't know how noncontrolling interest is coming. And next point is the North American and UK subsidiaries. There is a substantial investment. There is a substantial transaction involved but no dividends. Last year I highlighted but this year also. There is no dividend from these companies or these subsidiaries. So, is there a timeline by which you know these subsidiaries also start paying dividends? That you can throw some light on? So, these are the points I wish the Company all the best and looking forward to better performance in the next year. Thank you, Sir.

Mr. Pradip Shah: Thank you, Ravichandran. I now ask Mr. Kirti Shah. Kirti bhai, go ahead. Yeah, please go ahead Mr Agarwal and then we will go to Mr. Kirti Bhai Shah.

Mr Agarwal: Can you hear me?

Mr. Pradip Shah: Yes, I can.

Mr Agarwal: Good Afternoon to everyone. First of all, I thank the Company Secretary and his team 45:22 Good morning, good afternoon, good evening, and good night to the other shareholders who have joined from abroad in any part of the world 45:35 45:38 Thanks to them also for joining the meeting. All my questions were raised by the other speakers, what is the condition of our order books?45:56What is our capex plan please hold a video conference as people from all over the world can join the meeting. That's all from me. Thank you very much.

Mr. Pradip Shah: Thank you. May I ask now Mr. Kirti Shah, please? Kirti Bhai. Oh, he is not present in the meeting. Ok so then I will now request Mr. Samir Dhar to answer any, Do any other shareholders have to ask questions? No. Ok. Then I request Samir Dhir to answer all the queries that have been raised by the shareholders. Samir, over to you.

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Mr. Samir Dhir: Thank you, Pradip, and thank you all the shareholders for asking the questions. I think there are |there were a lot of questions about AI. Let me cover a few aspects of AI and what Sonata is doing. First of all, we are looking at AI on two spectrums. One, we are implementing AI for our customers, and we have come up with this framework with an AI, with AI called Harmony.AI which I guess I mentioned earlier is a responsible first framework and our idea is to differentiate in the market on the behalf of responsible first tenets of AI. We are taking that framework to our customers and implementing them that scale. We are taking the four verticals I mentioned earlier, which are: banking and financial services, healthcare, hi-tech, and retail. There were other questions around AI. So, around training, today about 67% of Sonatians have been trained on level 1 of AI. So, we are rapidly moving to empower our team from our knowledge and infrastructure perspective to train our people on the knowledge of AI. There was a question on how we are using it internally. We have deployed an internal tool on AI called Maven which helps our team members to query anything about their policies, HR policies, or other policies they can go and ask our chatbot and the chatbot will give them the answer looking at the, all the policy at Sonata and give them a relevant answer. As an example, if you're an employee working in the UK and you want to find out what days in the year, Sonata will be having a holiday in the UK, you can ask that as our interface on the maven tool and the tool will give you the answer, rather than you having to work through multiple policy documents and figuring the answer out laboriously. The whole question of is AI a scare or it is the death of IT service. we believe it is a tremendous opportunity for IT services as we move forward. Much like in India the technological advancement, human beings have transitioned themselves to higher quality work, we strongly believe at the Company that's what will happen here, as AI grows more mainstream, the quality of work will improve and with our investments in AI we believe Sonata will lead the area in time to come. Some jobs might get automated, but the same people will be redeployed into higher quality jobs, much like what happened when E-mail came, much like what happened when the internet came. We believe this is another technology turn that as a Company we are going to navigate and gain market share with this change. Regarding the question around cyber-attacks, I think we have strengthened our position, much like any other enterprise responsible enterprise to starting the cutting edge and the bleeding edge of cyber security, through investing in multiple tools, Microsoft tools, third third-party tools to strengthen our cyber-attack area so we are wan make sure that our Company is protected from any such eminent threat that might come our way. We also created a CTA function 2 years back. Raj leads our function in the CTO site and the scale and speed are to deploy training infrastructure, our IPs and frameworks, and accelerators for our customers. That's really



how we are going to market by deploying the technology changes for our customers. The second set of questions was on major challenges in the business opportunities we see and objectives that we see. If you recall we outlined 5 areas that we want to focus on from our business objectives perspective. We want to focus on 4 verticals. We want to focus on 5 geographies that we talked about in the presentation earlier. We want to talk, focus on modernized engineering, so the broadly the 3 areas for go to market perceptivity that we have focus on and we are making investments in those areas. So, we continue to differentiate. We are on those 3 go to market levels, we are also focused on enhancing training infrastructure, and rapid career progression for our team members, and making sure that we provide technology training, bleeding-edge training, and cutting-edge training to our people is the 4th one. And lastly, to build scale we are going after large clients and large deals, to make sure that we can rapidly scale the Company as we move forward. And those are the broad focus areas and objectives that we are working on diligently. Our management team is working diligently to keep those moving in the right direction. Those questions around the, specifically around last year's performance, so thank you for your comments, we appreciate your appreciation for the work that our teams have done, specifically in Q4, we had invested in a large deal and hence in Q4 alone we saw some investments which were higher for one time to help us win large deals and hence there was a one-time margin impact in the quarter but in the whole for the year, we delivered of very strong performance in much in line with the industry. There was a question around, I think there are some comments also made, we made a note of those comments whether it is the map of India, whether the feedback around some of the other topics we have made a note of that. We will incorporate your feedback. I will turn it over to Jagan for four topics which were asked. One was around an intercompany transaction, the second was around the regulatory framework, and then the third is on subsidiaries. Jagan will cover all the three topics, but before I do that let me also answer a question around order book. Our order book has been pretty steady over the last fiscal year, practically every quarter we were reporting around 1.25-1.3 numbers on the order book- book to bill that is. So, we have been booking more than we are billing. We feel pretty strongly about the order book that we have created and that's collaborating very well with the pipeline that we have created. With that let me turn out to Jagan for the 3 questions.

Jagannathan C N: Thanks Samir. The 1st question on the intercompany transaction, for each of the subsidiary Companies in different GOs are printed in the contract with the customer and they have onsite people in their roles who part of the delivery organization were as well there is a major portion of people sitting in India, who is delivering the IT services to this Company, to the customers. So, we have a strong transfer pricing



agreement between these companies. The subsidiary companies raise invoices on customers based on the contracts that we have been. And the Indian organization, our parent organization raises invoice on these subsidiary companies on a transfer pricing basis. Most of these are cost-plus basis, which has been as per the guidelines given by the income tax regulations, the transfer pricing is fixed up. The second question on, so is how the transaction happens and the remittance of money for these intercompany transactions is based on the tax status of the particular unit- we have units within the Indian organization, some are STPA, some are SEZ. If it is in SEZ the money is remitted within 180 days and if it is in STPA it takes 240 days to remit the money within this credit period, based on the cashflow and also money requirements in Indian Organization's, money available at the subsidiary company and the commitments and investments including 54:07 we do remit the money based on the detailed cash flow what we have. The second point is on compliances, yes, we have a global compliance framework, and the compliances in the different geographies are monitored using a tool. These compliances have extensive different regulations being monitored and every month, every quarter, or every year, based on the compliance requirement, the compliance confirmations happen from the person responsible in various functions as well as they are supporting it being uploaded into the system. For example, if a country, a large country like the US, there are about 32 states in which we are present and the regulations may vary from state to state, depending on the state regulations we will have our compliance requirements changing for them and also it is being centrally monitored by Mangal and team for all the compliance of regulations in various regulations. We have consultants in all the geography who give updates to us on the various compliance requirements and based on the input from the consultants, we do change our compliance requirements and then comply with this, implement changes required for compliance. So this was the second question's answer. The third is about the dividend from the subsidiary. We do take dividends from subsidiaries. The standalone company that you mentioned about the profitability, is only one portion of our entire organization business. It is spread across different subsidiary companies that, are onsite and also they acquire the companies or separate companies to separate whom is profit alone cannot be seen further because the profit of this Company is mostly due to transfer pricing and the profitability will be only to the extent of the transfer pricing what we have agreed. And the second element is the subsidiary company continues to pay the dividend. Some are being paid for the services offered by the Indian company and when the surplus cash is there, we normally bring that money to India because there is a central investment team in India, who do investment of the surplus, money. Hence dividend is declared and then brought back to India. We will continue to do so, for SSNA and the ACL company. Depending on the investment requirement, for example,

the Quant acquisition has happened in SSNA and we have a loan obligation also there. Hence we need the money for working capital, any investments required and any of this acquisition-related debt serving we retain money and the balance money is being used to pay for the services given by the Indian organization. However, if there is a surplus happening, if the loan is repaid, then we will probably consider the dividend. At present, the investments and dividend and the loan servicing it takes away more surplus money available, hence we have not declared dividend. We may consider this after 2 or 3 years based on the debt servicing that we have done for the acquisition.

Mr. Samir Dhir: There was one more topic, I was looking at my notes which I should cover around the future strategy in terms of numbers. There were questions about the Rs 10,000 Crores Rupees goal that Mr Aspi talked about, I think we articulated that we want to be a 1.5-billion-dollar company from the revenue perspective by FY27. We are steadfastly looking towards that goal as you know the market environment has been a little uncertain in the recent quarters, but we are working hard towards the goal. [57:53](#) We are looking at it as a company. With that, we believe, Pradip, we have answered most of the questions. I can turn it back to you Pradip, please.

Mr Pradip Shah: Thank you, Samir and Jagan. 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. The Board has appointed Mr. M V Bhat, Practicing Company Secretary, as the scrutinizer to supervise the e-voting process.

The combined results of the remote e-voting and the e-voting done at the meeting today will be declared on receipt of 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, the Company Secretary, to declare the results of the voting and place the results on the website and the registered office of the company.

On behalf of our Board of Directors and Management of Sonata, thank you all for attending this meeting. I hereby declare the proceedings of the Annual General Meeting as closed. Thank you very much for your interest in Sonata.


