"Sonata Software Limited Q1 FY20 Results Conference Call"

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Moderator: Ladies and gentlemen, good day. And welcome to the Sonata Software Limited Q1 FY20 Results Conference Call. As a reminder, all participant lines will be in the listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Srikar Reddy – MD & CEO, Sonata Software Limited. Thank you and over to you, sir.

Srikar Reddy: Thank you. Good evening, everybody and welcome to the analyst call post the announcement of our financial results for the first quarter ending financial year 2020 yesterday. I understand the results are up on our website and hopefully you all have had a chance to look at it. I have here today with me PVSN Raju – our Chief Delivery Officer and on the call from the US is Ranganath Puranik – Chief Growth Officer; and Sujit Mohanty who heads our subsidiary Sonata Information Technology Limited and I also have here with me Satya, Head of Finance; and Premnath Murthy – Head of Strategic Finance and Risk Management.

Briefly, I will touch upon the highlights of the results for the quarter. I think as we mentioned, we showed some good growth year on year on the international services business, both in terms of revenue and in terms of EBITDA and profit after tax. The growth in the quarter on quarter in constant currency is about 2.7% in dollar terms. In rupee terms, it wasn't as much because of the appreciation of the rupee against the dollar. And even in the dollar reporting we have had cross-currency issues vis-à-vis the pound to dollar, and that had an effect on even the cross-currency dollar revenues. The two acquisitions we made in December, we have had full quarter revenues for both of them, that is both Scalable and Sopris. They have given a decent performance in the first full quarter performance. But as I said, when we made the acquisition, in the short-term we would expect these acquisitions to be EBITDA neutral as we transform these companies, both from revenue and margin perspective and also leveraging their assets globally. So, to see the full impact of this will take a few quarters of these acquisitions.

So, that's like a summary of the highlights of the financial performance for the quarter. But as we mentioned in our press release, we see continued interest and growth in our key initiative, which is the platformation initiative, which is really the flagship strategy for the company in terms of becoming a digital transformation partner for our clients using our unique model and of course, our alliance lead strategy and the IP lead strategy and all those goals reflected in the number for the quarter. So, that's really the high-level qualitative assessment of our performance in the first quarter.

I will hand over the mic to Premnath Murthy to take you through some quantitative financial for the quarter, and then we will open up the platform for questions which you may have.

Premnath Murthy: Thank you, Srikar. Hello, everyone. Thank you for joining the call this evening. In terms of the consolidated numbers, I would like to inform you that our revenues were Rs. 874 crores. We registered a sequential quarter-on-quarter growth of about slightly short of 5% and a growth of 27% on a year-on-year basis. Our EBITDA consolidated at about Rs. 106 crores, registered a 10% sequential growth, and growth of about 28% year-on-year. After tax our profits were a total of Rs. 67 crores which registered a sequential growth of 2.6% quarter-on-quarter and a growth of 16% on year-on-year basis.

In terms of our headcount, we were over 4,000, about 4,011 to be precise as on 30th of June. That demonstrates again a strong growth and our AR in terms of DSO walked down from 44 in the last quarter to 37 in the current quarter, primarily pushed by our domestic business reduction in the DSO. And that is at a consolidated level overview of the financial numbers that we have. Breaking down into individual segments, our international business registered Rs. 304 crores of revenue, which is almost a flattish trend, but a year-on-year growth of about 18%. That contributes to about 35% of our consolidated revenue with the remaining 65% coming from our domestic revenues. in dollar terms we did about Rs. 44.3 million during the quarter, which represents a higher sequential growth of 2%. and in constant currency terms it represents about 2.7%. Year-on-year growth was about 17%.

Our revenues in the international segment from digital components continued to demonstrate strength, we clocked 36% this quarter and our IP lead revenues continue to be robust, about 24% in the services revenues. Our EBITDA at Rs. 84 crores stood at 28% of our revenue, sequential growth was about 9% and year-on-year growth approximately 27%. Our PAT for international business was Rs. 53 crores, was higher by about 1.7% sequential, and year-on-year was about 13%. In terms of new client acquisitions, as at seven large ones, two coming from the US, four from Europe and one from the Australia - New Zealand region. Our return on capital employed and return on networth are still healthy in the region of about 38% and 36% respectively. And our international DSO remains flattish at about 41 days, similar to last quarter.

Turning to the domestic business. India business showed revenue of Rs. 574 crores and a year-on-year growth of 31.3%, that contributes, as I have said earlier, about 65% of our total consolidated revenue, EBITDA of about Rs. 22 crores represent 4% of revenue, that's more or less flattish margin which we have been maintaining for past few quarters and in terms of growth it was 5.3% quarter-on-quarter, and year-on-year 34%. Domestic headcount was 148 out of the 4,011 numbers.

And that would be the summary of the financial performance that I have for you.

Srikar Reddy: Right. Thank you. Back to you, Stanford. You can open up the forum for questions.

Moderator: Thank you, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Baidik Sarkar from Unify Capital. Please go ahead.

Baidik Sarkar: Srikar, if you would exclude the impact of the two acquisitions we made last year, Sopris and Scalable Data, is it right to assume that your sequential revenues might have actually been flat, if not say marginally degrown?

Srikar Reddy: It's flat, and that’s what I tried to explain that if you take into account the cross-currency, because of the pound there would have been a marginal growth in the organic revenues. But because of the depreciation of the pound against the dollar, so that would have been more or less flat. So, your observation is correct.

Baidik Sarkar: So, the body language and the commentary as such, it's very difficult to make out. So, as things stand today, what are your lead indicators on growth actually tell you? I mean, just forgetting all these acquisitions you have made, on your core organic business what do these indicators for growth look like?

Srikar Reddy: So, I think, I don't know whether you have attended a few of our previous calls. So, I think if you are to look at our whole business, including the acquisitions, the acquisitions are not bolt-on acquisitions but they are strategic acquisitions. This is some space we have been trying to consolidate now for the last four or five years. So, you got to look at it holistically and not individually. So, the acquisitions are part of the growth strategy of the company, especially in the Microsoft Dynamics 365 space. And so I just wanted to clarify that. Please look at the acquisitions as an integrated part of the company and they all add in to the organic growth of the company, apart from the acquisitions growing themselves.

Baidik Sarkar: Fair enough, Srikar. Our headcount over the last three quarters, I notice has stagnated over 3,500 resources. Again, is that a lead indicator for weak ramp up in the quarters to come? Because I see your utilization have also inched up pretty well?

Srikar Reddy: No. So, I think in the past too also we have had this, I mean, I would say not a significant growth in headcount. And we also have, I would say, more of a just-in-time model for building these capacities. So, I would not to be very concerned or worried about the lack of growth in the headcount. I think we also should understand that we have some non-linearity to our business because of the IP ledand IP business we have, so that also should be factored in.

Baidik Sarkar: Thanks. Last question to Mr. Premnath, if you could just share with us your IndAS adjusted margins for both IT services and products, what the margins might be before the adjustments for IndAS?

Sathyanarayana R: I think because the IndAS we have got an impact.

Baidik Sarkar: Yes, that's obvious. So, without the drag what might your margins be?

Sathyanarayana R: It would be around 24%.

Baidik Sarkar: I mean, could you give us the exact numbers, I mean, the broad split for the product as well as IT services?

Srikar Reddy: The product business margin and the services business margin without the IndAS adjustment.

Sathyanarayana R: In terms of product business has not impacted more. Margin percentage is around 6%.

Srikar Reddy: Product business is 6% without IndAS adjustment. So, there's not much on the IndAS adjustment or the product. On the services business there is an impact of what ?

Sathyanarayana R: In terms of EBITDA growth if you look at it, 4%.

Srikar Reddy: Yes, 4% is the impact of IndAS on the services business.

Moderator: Thank you. The next question is from the line of Madhu Babu from Centrum. Please go ahead.

Madhu Babu: Sir, the full impact of the acquisition, Sopris and Scalable, I think Sopris had last quarter 1.5 months of consolidation. So, is it $0.8 million from the incremental from the Sopris for this quarter?

Srikar Reddy: Sorry, what are the question, Madhu?

Madhu Babu: So, full impact of Sopris in this quarter, has it added $0.8 million in revenue?

Srikar Reddy: Compared to last quarter, that's correct. Yes.

Madhu Babu: Okay. So, sir, organic growth has been a bit tepid, I think like 1% cc. So, do you see acceleration in organic growth from Q2 onwards?

Srikar Reddy: We expect the organic growth also to be back in shape from Q2 onwards, yes, you are right.

Madhu Babu: And in travel there was a weakness, and of course the top accounts have also been weak. So, any weakness in the large account in the travel vertical? And is it over or do we expect it to continue?

Srikar Reddy: Not really, I think it's just that certain accounts wouldn't have grown as much as they normally would have in that quarter. So, it's nothing to do with the vertical or industry as such. So, it's just our own micro factors which are showing up, so this is not a reflection of the overall vertical performance.

Madhu Babu: And lastly on other income what is the breakup, I think other income has been very strong?

Srikar Reddy: The other income last quarter was higher; this quarter is lower by about Rs. 4 crores.

Madhu Babu: No, so other income is shown as Rs. 16.7 crores.

Sathyanarayana R: Primarily on the account of foreign exchange gain we have realized.

Madhu Babu: So, how much is the FOREX gain in this Rs. 16 crores?

Sathyanarayana R: About Rs. 9.2 crores.

Madhu Babu: And do we have hedge gains in the next quarter as well? Because of how is hedge position?

Srikar Reddy: Yes, we would expect to have hedge gains in the next quarter.

Moderator: Thank you. The next question is from the line of Amit Chandra from HDFC Securities. Please go ahead.

Amit Chandra: Sir, my question is related to the growth we are seeing from the IP ledportfolio. So, if I see all the incremental growth mostly has been coming from IP led, so I know that IP led is our strategy and we are working, we are totally focused on it. So, can we see other segments apart from IP lead? Because I am seeing the revenue from digital at 36% is constant, and our IP lead portfolio is growing. So, how these two things are linked? So, is IP lead something we are doing that is mostly only AX related or the 36% digital that you are showing is something else?

Srikar Reddy: No, so the IP lead would be all digital only kind of stuff. So, there would be complete overlap in the IP led and digital revenues. And the IP led is not just the AX revenues, but also revenues from Rezopia, Kartopia and Halosys. And other question you had was on, what was your other question really?

Amit Chandra: Sir, other drivers apart from IPled.

Srikar Reddy: No, I mean, the drivers are, as we said, is IP led and that gives us the differentiator. And those revenues are what will drive the growth for the company. Apart from that we have said the other drivers of growth are what we said is the Allianceled, which is the Microsoft Alliance, and the Dynamics investments we have made. And of course, our platformation led revenues. So, but these all could either go into digital or go into IP. So, there would be overlap between these strategies, they are not independent by themselves.

Amit Chandra: Okay, because I am seeing a divergence between the growth that we are seeing in our portfolio that we classify as digital and IP led, because IP led has grown 11% quarter-on-quarter and digital is only 1.8%. So, I just thought that there is a divergence in the growth rates between digital and IP led. So, this 36% digital that you are showing that is inclusive of IP led, right?

Srikar Reddy: That will include IP led growth, that's correct.

Amit Chandra: Okay. So, the portfolio out of the 36% the portfolio which is ex-IP led, there we are showing some weakness?

Srikar Reddy: Yes, you are athematic is correct, but because the focus is more on the IP led that's where the growth is coming from. And the rest of it is driven by as I said, there is overlap in the dynamics and the IP led and the digital revenues. So, that's what I was trying to say.

Amit Chandra: Okay. And sir in terms of the services we have seen decline in IMS, there is a sharp fall in IMS. So, it is largely attributed to travel vertical or IMS and testing both we have seen decline. So, can you explain?

Srikar Reddy: Yes, in testing we are seeing there is a more shift to automation, so that's why there is a weakness in that. But that's normal, and even in the IMS I think a lot more is going into cloud based management. So, that's why the traditional we are seeing, and that shouldn't be happening normally kind of stuff. So, that some things should be based upon the overall trend in the way the clients are spending their money.

Amit Chandra: And sir in terms of the headcounts, we are seeing that the headcount in DPS business is coming down substantially. So, in this quarter it was 148.

Srikar Reddy: What business, sorry?

Amit Chandra: Domestic product business.

Srikar Reddy: I don't know where you heard this, I think that the numbers have been…

Amit Chandra: So, 156 has dropped to 148. So, are you doing some kind of rationalization there?

Srikar Reddy: No, no. See, the whole business is mainly all sales people. And the technical people are in the parent company, and there could be some commercial people and so on and so forth. So, no, there's no restructuring there.

Amit Chandra: Okay. And sir last question on the margins. So, the IT services margin you said adjusted for IndAS was 24%, right?

Srikar Reddy: Yes.

Amit Chandra: Okay. And 6% for the…

Srikar Reddy: For the product business, India business. Yes, that's correct.

Moderator: Thank you. The next question is from the line of Mohit Jain from Anand Rathi. Please go ahead.

Mohit Jain: Sir, just wanted to understand this, like $0.5 million kind of a shortfall in this quarter on revenues, what really went through? Was there some delay, cancellations?

Srikar Reddy: Sorry, where are you getting this $0.5 million shortfall? I am a little confused.

Mohit Jain: Sir, we were looking for 2%, 2.5% kind of organic growth, it turned out to be 1% odd.

Srikar Reddy: Okay. I got it.

Mohit Jain: So, last few quarters your view was that we will do 12%, 13% kind of a revenue growth.

Srikar Reddy: I thought somebody had given you this number. Okay.

Mohit Jain: No, nobody has given me. So, now we are trailing more towards 10%.

Srikar Reddy: Yes, as I said, there was some currency adjustments.

Mohit Jain: No sir, I am looking at constant currency numbers. So, I understand that top line had FX exposure. But even if look at from a constant currency point of view, our growth was slower than what we were always…

Srikar Reddy: Correct. But yes, I mean, I could read too much into it, so that's all I can say. It's some short-term adjustments to the business in the quarter. So, there is no trend in the and there is nothing I would read in that kind of stuff.

Mohit Jain: So, you are confident a little bit that Q2 will go back to our trajectory?

Srikar Reddy: That’s what I just said about 10 minutes back.

Mohit Jain: Right. And sir, what is your outlook overall from UK market and like travel industry? Is there a slowdown that you guys are anticipating in UK specifically, because this weakness is across the sector?

Srikar Reddy: Sorry, what is the question?

Mohit Jain: UK market weakness.

Srikar Reddy: UK, we are not seeing any weakness, it's only their currency is the challenge. But otherwise we are seeing pretty decent wins last quarter in the UK market. So, yes, the bigger challenge is currency, because since we announced these results, I think the Pound has further depreciated against the dollar, it's now I think 1.2 from about 1.26, 1.25 kind of stuff. Otherwise there is no other headwind we are facing currently in the UK market.

Mohit Jain: Okay. And product margin is 6%, right?

Srikar Reddy: The product margin, that's correct.

Mohit Jain: Product margins are 6%, so we should expect the normal 4% range that we have historically maintained?

Srikar Reddy: I didn't get that question.

Mohit Jain: So, last few quarters we are running domestic business at around 4% EBITDA margin on a like-to-like basis. This quarter you are seeing adjusting for the IndAS, it was 6%.

Srikar Reddy: That right, that's correct.

Mohit Jain: So, could we expect it to revert back to 4%?

Srikar Reddy: No, but that IndAS impact which will be there, so I think you have to start seeing the PAT only now. Because at the PAT actually this quarter we actually had a negative effect on our PAT because of IndAS to the tune of about Rs. 1.5 crores, I guess. If I look at EBIT or PAT margins the margins…

Srikar Reddy: Yes, because it's an accounting issue, so certain costs are being moved from cost into depreciation and interest. So, that's the new IndAS accounting norm. So, those costs which were there in operating cost have now been moved into, maybe operating leases and their treatment have changed, so that have moved the cost from an operating cost to the depreciation and interest.

Moderator: Thank you. The next question is from the line of Vipul Shah, an investor. Please go ahead.

Vipul Shah: I just want to know; can you give more color about this IP led revenue? Means, this is not exactly IT revenue?

Srikar Reddy: No, no, correct. I think maybe you didn't attend; you have not attended any of our earlier calls where I have explained it. So, as you know we have about six IPs, three of them are on the Dynamics which is brick-and-click, modern distribution; and now recently we acquired commodity trading. And then we have horizontal IP for e-commerce called Kartopia, and then travel called Rezopia and Halosys. So, what we have said is that these are differentiated strategies towin the accounts. And the services which we get because of the IP wins from these customers, we call it IP led, they are not IP licensed revenue.

So, the IP license revenue, as I said earlier, would be lower than 5% of our revenues kind of stuff. Have I explained it clearly to you?

Vipul Shah: Yes. So, these are the revenues derived from…

Srikar Reddy: Derived because we had the IP and we won the customer and the services both on the IP and surrounding the IP, we call it IP led services revenues. It will also have the license revenues built into it, but it will be very small amount.

Vipul Shah: So, all IP should form part, 100% it should be digital, right?

Srikar Reddy: No, that's what we explained previously. So, all IP led services would be part of digital, that's what we have told the previous questionnaire.

Vipul Shah: And I missed the IndAS adjustment reply which was given. So, what was the net effect on our net profit?

Srikar Reddy: That's what I said, if the IndAS adjustment was not there our net profit would have been higher by about Rs. 1.5 crores.

Moderator: Thank you. The next question is from the line of Sunil Jain from Nirmal Bang. As there are no response, we will take the next question from the line of N. Puranik from Enam Securities Please go ahead.

N. Puranik: I have a simple question about your relationship with the Microsoft, your deep relationship with Microsoft I should say in terms of various technologies you work with and the kind of revenues and margins you derive from them. My question is about how do you leverage these relationships and your platforms particularly to get into large revenue accounts? How do you build more of five $10 million accounts, 10 $25 million accounts? The point is, do you think our platforms have the power to derive large platform led services from Rezopia to Halosys to IBIS? So, if you can tell me about that, because it's important to get the growth to the next level. If you want to be $500 million company it's important that you win larger deals. So, if you analyze each of these platforms, which are the ones which can take you to the next level in terms of growth? At the same time, you derisk the Microsoft universe.

Srikar Reddy: So, to first answer your question on the Microsoft relationship. So, basically, we do both work for Microsoft and then obviously do that work to go to market with them. The focus significantly has been around Dynamics 365 platform, which includes the AX and CRM, and now they have got other components to it. And there is where we have invested in IP, both acquired and built our own. So, in the area of retail, distribution, consumer goods, and now we just acquired the commodity trading. And the trend on that is that the platform itself has now been going up the value chain, it started with the small, medium kind of enterprises to mid-market, now going into the upper mid-market, and in some places the enterprise space itself. So, aligned to that is where we are seeing also our own quality of clients we are winning and their potential has been growing up. And so, to answer your question, we definitely see now clearly a visibility of this partnership and these platforms getting into larger clients in the $3 million to $5 million annuity revenue space. So, that's what we are seeing. Apart from that, really the other platform which has the potential to get the large revenues is the Rezopia travel platform. Because that's enterprise platform and it's large and core kind of stuff. So, these two, that is the Dynamic led, which are the three, retail and distribution and commodity trading; and commodity trading we just acquired from Australia about four months. And we are seeing actually good traction, we haven't obviously done enough in terms of taking it to market, but whatever we have done, we are seeing some good interest in the market. So, to give you a simple answer, we see these three platforms and the Rezopia platform are the core drivers to get into larger opportunity for us.

N. Puranik: Now, apart from building partnerships, what more you need to do in terms of reaching these platforms to high spend areas from mid-market to large spend market? Do you need to beef up the whole platform itself in terms of its maturity, sophistication, and variety? Or do you need to hire more people at the partner level or to sell closer to the high spenders?

Srikar Reddy: We have to do both, and that's a continuous process. We have, I think, invested and hired quite a bit in last six months, I think I did mention we are hired three or four fairly senior clients facing people, both in Europe and the US in the last six months. I did mentioned it in my last call. So, we have done that. And of course the platform strengthening is a continuous kind of a process. And we are doing that. But the key for us is still the partnership is extremely key for us to get to these markets, because that for us is extremely the key. So, we would continue to rely fairly heavily on the partnership to get an access to larger opportunity.

N. Puranik: And these partnerships include the consulting firms or the accounting firms, what kind of partnership?

Srikar Reddy: I was talking about a partnership primarily with Microsoft, the rest of it is, of course, is more tactical, I mean, we will look at those partnerships on a more tactical basis.

N. Puranik: So, you mean the go-to-market with Microsoft?

Srikar Reddy: Microsoft, using these platforms is very essential to get access to these large things. And we are seeing that, obviously, it's been a gradual journey for both us and Microsoft to move into these enterprise space with these platforms and also be significantly new to them for going to the enterprises through the applications route rather than the traditional route of office productivity application. But we have seen, how doI say, a lot more success in the market, right now still not with us but we are paying it with for some of the other larger partners currently. And so as we see it for uswe think it's a matter of time.

N. Puranik: So, that means to attain scale economies you need to reach the North American Microsoft relationship on a sustainable basis, isn’t it?

Srikar Reddy: Which is there, so that’s the challenge, so going up the value chain with them they test you with smaller opportunities than mid-sized. They don't directly take you and put you into an extremely large opportunity. And that's how they work. Otherwise, the relationships are very strong, that's not a challenge. It's obviously journey we need to go through, there is no shortcut to that.

N. Puranik: So, do you get lot of technical and business input from the Microsoft leadership team to take the platform to the next stage?

Srikar Reddy: Yes, technical business, we have joined go-to-market, so all three dimensions.

N. Puranik: So, they act more like your product manager?

Srikar Reddy: Not like a product manager.

N. Puranik: At the higher level?

Srikar Reddy: From a technical perspective, because they trust on us to bring the industry knowledge. So, they very clearly say that that's not their strength. So, they provide input from a technical perspective.

N. Puranik: So, when do you think platform like Rezopia or the Dynamics derived platform will get you $5 million to $10 million deals?

Srikar Reddy: So, we are almost there, not in the $5 million to $10 million, but we are in the $2 million to $3 million kind of stuff. And as I said, it's a gradual process, I mean, there is no shortcut to that in terms of suddenly moving from $2 million - $3 million to the $5 million - $10 million overnight kind of stuff. But we are seeing, if you see the seven accounts, we won last quarter, their qualitatively, significantly, much, much better and stronger than the similar accounts.

N. Puranik: And they are potentially big accounts?

Srikar Reddy: They are potentially bigger accounts I would say, to what we have one in the past. So, we are definitely seeing a qualitative shift or change to the access to these large clients.

N. Puranik: So, what about data and analytics? Is it a big focus for you because that's an enduring piece of business that will last for long?

Srikar Reddy: So, that's part of us, all of them are together part of our platformation, weather data and analytics, platform engineering, cloud engineering, micro services, they are all part of our platformation go-to-market. But for us, the platform led is what is I would say the beachhead or entry strategy into these opportunities for us to do these other things.

N. Puranik: You have a focused analytics team or they are part of the full stack Agile developers?

Srikar Reddy: We have a focused analytics team; we have a focused platform engineering team. Although the focus tends to be a lot more on the Microsoft stack, but that's okay with us.

N. Puranik: So, how big is the analytics team?

PVSN Raju: Totally the data analytics team is 232 strong now.

N. Puranik: And do they bill at superior rates?

PVSN Raju: Yes, compared to average rate they give a higher rate.

N. Puranik: 20%, 30% higher or more?

PVSN Raju: Maybe around that stage.

N. Puranik: So, that this growing?

PVSN Raju : That is growing. We think there's still a lot of runway for that, but it's going compared to others.

N. Puranik: So, one last question, Srikar, you are looking at beyond the Microsoft universe and other technologies to grow your business or just you are happy with Microsoft?

Srikar Reddy: I mean, we do look, the Amazon is the other track, maybe on the data side and the cloud platform side is where we are participating. But that's really based upon the client we have won, but we have built a parallel universe of capability there. But our go-to-market is still very heavy Microsoft focused.

N. Puranik: So, to work with someone like Salesforce and Tableau would be a conflict?

Srikar Reddy: No, it is not a conflict but then, again, we have to build the same level of capability, platforms, IP, size, scale, partnership. So, it's a completely new business build kind of stuff I would call it. And as I have been saying, the runway is very large in this space. So, if we just do this well, we can get to the $500 million or whatever you talked about kind of thing. So, that's not the limiting factor of the market we are operating in or is it sufficient, is it large enough. So, those are not really questions, because everything requires a fair amount of investment in branding, it will take two to three years, I mean, that's what has taken us even with this, almost three, four years to come to this level of maturity.

N. Puranik: And Agile and DevOps is enterprise wide now?

PVSN Raju: Yes, most of our projects today we execute on both Agile and DevOps, it is a part of our DNA.

Moderator: Thank you.

Srikar Reddy: If there are no other questions, we can close the call, Stanford.

Moderator: Yes sir, we don't have anybody in the queue.

Srikar Reddy: Sure. Okay. So, thank you all for joining and your questions and your support. Look forward to talking to you soon in our next call. So, thank you all again.

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