



“Sonata Software Limited Q2 FY15 Results Conference Call”

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*Sonata Software Limited
November 10, 2014*

Moderator

Ladies and gentlemen good day and welcome to the Sonata Software Limited's Second Quarter Results Conference call. As a reminder all participant lines will be in the listen-only mode. 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. Thank you and over to you, sir.

Srikar Reddy

Good morning everybody and welcome to the Analysts call following the announcement of our Second Quarter Results for the Financial Year '15. I have here with me people who all of you know : Venkat - our CFO; Sathya – our Head of Finance & Accounts; Priya - our Company Secretary and Arun – Head of Corporate Marketing. Before I ask Venkat to take you through the numbers of the results and which all of pretty been put up on our website at a very high level I think the results of the quarter continue to reflect that our strategy which I have been talking about for the past 7 or 8 quarters in terms of focusing on our strategic accounts; a very focused go to market strategy; focused verticals and a certain specialized horizontal services focus on getting top talent a very structured approach to M&A and tighter processes across various account management delivery and bid management continue to pay dividends.

The one highlight of the last quarter have been the strategic investment we made in Rezopia this strengthens our story for the Travel vertical in terms of being able to offer core platform in that at least remarket which is train reservations, tour operators, OTAs and ancillary services for companies like hotels and airlines. So this is a very high level it reinforces whatever we have been saying in the past in terms of that we will need to get in the long term in to an IP platform lead services. Secondly, we need to have a very differentiated service offering to our large clients and three is that I think we were a good set of people along with the acquisition both in terms of domain expertise and technology expertise in terms of ability to build highly scalable platforms.

So that is at a very high level in terms of the way we are based on the results of the last quarter. Going forward as I said and our strategy remains to be the same we continue to invest and focused on whatever, has yielded good results for us and drive the growth forward. So later on I will be more than happy to take questions you may have. But at this stage I will pass it on to Venkat for taking in to the detailed financials of the company.

N. Venkatraman

Thanks Srikar. Good morning to all of you. Our results are on our website and we have also updated the quantitative metrics and the investor update. So lots of the data that we share today would already be there but I would request you to take a look at it. Again like Srikar mentioned another good quarter for us. Our EBITDA was for the quarter at about Rs. 45 crores. It is almost similar to what we did last quarter despite the fact that we had a swing in foreign currency of about Rs. 7 crores on account of restatement and also there has been drop in other income because we had a onetime interest on refund of income tax of about Rs. 1.64 crores. So

these are two things which are not there in this quarter. Despite that we have been able to maintain our EBITDA.

The PAT at about Rs. 31 crores is remains relatively flat compared to last quarter. One more quarter where we can say we have touched highs. In fact the highest number of people; EBITDA and PAT in terms of adjusted PAT. Say for this Forex that I just mentioned we have been particularly fine with respect to all metrics from a financial perspective.

If you analyze the segments that we operate in international services that the software services business of our company revenue growth has been it is about 7% on Rupee terms. In Dollar it is about 5% we are trying to give the numbers in constant currency which I think would be higher given the way the Dollar has moved against vis-à-vis the Pound and the Euro despite that we have shown 5% growth in Dollar terms. Just to clarify the topline includes about a small amount of Rezopia business because Rezopia was integrated in to Sonata effective end of August so we have got a very small number of Rezopia integrated in to the financials but despite that the growth if you remove Rezopia would be relatively the same as 5% that I talked about. The integration like Srikar mentioned has gone off very well. The people addition has been about 170 plus almost all of whom have in the IT services business. Utilization has been about 85% so that clearly shows the fact that the people that whom we have got from the Indian subsidiary Xyka would be put to immediate or good use on one, building the Rezopia platform continues to build the Rezopia platform and also support our services business effectively.

We have added four new customers and couple of them come from the new geo that we have opened up in Australia so Australia is starting to fire. The new technology that we entered in to in the last 18 months they have started showing results in terms of improvement in our bill rates which is particularly one of the reasons why we are seeing higher EBITDA. In fact our EBITDA without the Forex or adjusted for the Forex been about 25% which is one of the highest in the Industry, I would think we have been cautioning you that we would like to invest in the business and in terms of all your projections or in terms of your assumptions in calculations you should assume a more reasonable EBITDA but that said currently we are generating a 25% EBITDA to revenues.

On the domestic front we had a revenue drop like I have been always saying revenues is not the key focus it is more on the EBITDA percent and the return on capital employed as far as that business is concerned. We had a revenue drop particularly because of one or two transactions moving in to Q3 but as far as EBITDA goes we have improved that to 5%. Many of you would be aware in the earlier calls we have said that we were targeting for EBITDA number of 6% over a period of 18 to 24 months and I think at 5% we are about a year ahead of plan on that front.

On the cash position overall cash position in the year at the end of the quarter was about Rs. 108 crores primarily the drop of about Rs. 100 crores to Rs. 120 crores I have tried to explain in the press release is on account of the change in working capital situation at the quarter end

because we had a spate of bank holidays and there were delayed payments from customers which had to be postponed by about a number of 15 to 20 days so that meant that we had to pay our creditors but collections happened post end of the quarter that is why I highlighted we are currently again back to our normal cash levels of Rs. (+225) crores.

Except for that cash difference there has been not much of variants in the domestic business. Given that we have performed well the board has again suggested or recommended a dividend of Rs. 1 per share which should be distributed as early as possible. So with the earlier dividend of Rs. 1.75 it takes the total dividend to Rs. 2.75 for the first half of this year.

That is about it from my side. We will now turn the call over to you for questions.

Moderator

Thank you very much, sir. Ladies and gentlemen, we will now begin with the question and answer session. We have the first question from the line of G. Vivek from GS Investments. Please go ahead.

G Vivek

Now this is regarding few queries. Number one, we want to know about the opportunity size for the Travel sector, tourism sector wherein we have taken the Rezopia how has it made a difference for us? Any USP on note for us vis-à-vis the bigger players who also operate in this particular segment? Number two, since Ankush Patel left the organization has any replacement been found? And three was about the huge contingent liabilities we are having in our balance sheet?

Srikar Reddy

Let me answer the first two questions and then I will ask Venkat to answer the third question. See on the Travel sector I think first Yes, we have just acquired Rezopia of about two months ago so as we said when we made the strategic investment we acquired it for the platform the strength of the platform the fact that it had a few clients who were actually using the platform to run the business. And the talent we are getting with the investment. Now to answer your question I think typically if you see the and there have been description of Travel, tourism in the TTL it is a very, very broad based description of it includes tour operators, airlines, railways, hotels, logistics providers and everybody within it kind of stuff. So our focus is really on as I said this tour operators, the leisure Travel business kind of stuff.

And in that I think we obviously have a very differentiated story because of this platform because it is one of the core businesses of an enterprise who wants to offer these and who wants to offer a leisure holiday packages for their clients. So it is a very different story in terms of a whole lot of others who are also in the business. So it is a completely platform lead services and platform lead services story. Yes, Ankush left us about in May. So right now we have not filled it on a permanent basis because we are looking for the right fit. Right now we are managing it from India we have a person called Sandeep Gupta who was earlier worked in the US who now based in India who manages the geography for us for the new business. Otherwise we have a head of strategic accounts based in the US called Amit Kumar who manages our

strategic account who has been with us for some time. Third question, I will ask Venkat to answer.

N. Venkatraman

If you take a look at our financial statements of the annual report for last year ended you will see that we have got a total contingent liability of about Rs. 391 crores which we have given split in to service tax and income tax. The realistic contingent liability that you can talk about is on the income tax and then I will say how much of it is likely to happen. We have given notes against the heads under which this contingent liability is classified so there are the main heads the section 10A which is for the STPI export income benefits that we have claimed. As we stand almost all litigation on that front has gone in our favor and so right now it is there as a contingent liability because the department typically goes in for appeal and we are waiting for that to happen and if that happens we are very confident that we will win on that front.

The second issue on contingent liabilities with regard to the disallowance intercompany service charges between the holding company, the subsidiary we have that is also an issue where we have an order in our favor and we have won it in the High Court of Mumbai. As far as the royalty issue is concerned this is currently at the Supreme Court it is no longer a Sonata alone issue it is an industry wide issue. In fact as far as we are concerned most of the liability on account of this holding in fact have been paid by one of the largest principles in our case and to that extent our net liability is in the range of about Rs. 7 crores or Rs. 9 crores on a consolidated level. So just suffice to say that this also is not a big number. And the last big liability numbers 40 (a) (i) as we speak we are waiting for an order where the case has gone in our favor and that is reduced the liability by about Rs. 71 crores to Rs. 72 crores and the rest of the liability also should get covered under the same order and we should see a quantum reduction of the contingent liability. So what you see in our financials yes, there is about Rs. 391 crores which we have shown as a part of good disclosure practices but as we stands in real terms that liability should be in the range of about Rs. 9 crores to Rs. 18 crores on a worst case base as we stand today. So that is where it is right now on the income tax contingent liabilities, Vivek. I hope that answers your question.

G Vivek

And what about product business in India? Our focus when it is going to increase or we are going to transform in to more services oriented you will get a broad based services oriented? It seems it might be a drag and it may lower the valuation rating for our company?

Srikar Reddy

That I do not know, I think in terms of the valuation rating particularly my understanding is that people view the businesses very differently and I think I have mentioned it many times in the past, it is a very strategic business for us because apart from it being a great business in terms of we do not put any money in this business and it has got a very high return on capital employed. It gives us very strategic relationship with the top software vendors in the world whether it is Microsoft, IBM, SAP which we would not have otherwise have had in terms of the relationship and some of our let us say whatever it is good market and other parts of the world are really driven by the fact that we are one of the largest sellers of that solutions the products in India kind of stuff. So that is one part of the business as it where it basis.

And then we continue to transform the business. In fact we have added a few variations to the business we have launched an appliances based business which is really based on software products. Based to appliances we have done a Cloud to deal with the whole piece licenses which are moving the Cloud and moving that in to some kind of a managed services around those licenses kind of stuff. So we continue to transform the business but as I said the business itself is a great business both in terms of it being good in terms of delivering numbers and profits without much capital infusion but also gives us some strategic advantage because of the relationships we have with these large software players in the world.

G Vivek

And last question is about our size of the company. Ours being a smaller company how do we stand against our competition much bigger in size in Travel sector, Retail or CPG or our sectors are also their present in there and there the obsolesce being a threat so do not the customers like to go in for bigger players versus with us who are comparatively small in size?

Srikar Reddy

I think Yes, that I do not know whether I should say the results speak for themselves but Yes, I think and one is the proof of the pudding and the eating and otherwise I can tell you what we do. But obviously I think whatever we are offering which is very specialized services in a very focused business from all of those areas is trying to resonate with the clients we are working with them in that way we are seeing the growth. And I think that kind of a compelling value proposition will continue to be delivered to our clients. So as I said it is really the proof of the pudding is in the eating and we will see that wherever we are engaged I think there is a differentiated value proposition which the clients are perceiving in what we are offering to them in what we do with them that kind of stuff.

Moderator

Thank you. Our next question is from the line of Sangeeta Purushottam from Cogito Advisors. Please go ahead.

Sangeeta Purushottam

Venkat, I just wanted you to throw little bit color on something you mentioned which was regarding the Forex loss that you have experienced in this quarter is it because of a certain currency appreciation which has happened in the Euro and Pound or what really lead to it if you could throw some color on that? And if you can just give a breakup of your services business by currency because you do get a fair amount of business from Europe?

N. Venkatraman

So Sangeeta, the currency fluctuation or the swing that I mentioned of about Rs. 7 crores comes completely from the restatement of foreign currency assets that we hold overseas. So we have about euro €4 million that we have as receivable from the sale of TUI Infotech that was done about two years back so that is one of our receivables in our European books. Similarly we are holding some bit of cash and there are hard assets which are there current assets of receivables and payables. So what happens is we have restated them for consolidating and reporting in Indian rupees and when you do a consolidation it is quarter run rate to quarter run rate so during this quarter run rate the way it happened to be lower than what we had used for consolidation in the last quarter. So it starts which is proving to be the pull or drag on our profits.

So last quarter we did explain to the street that we do have about Rs. 4 crores which was come on account of onetime currency restatement gain. This quarter as we expected it has gone the other way. It was a loss of Rs. 3 crores so it is a swing of Rs. 7 crores. And as regards business by Geo we have given that on our website if not I can actually send you the data.

Moderator Thank you. Our next question is from the line of Chetan Walia from JHP Securities. Please go ahead.

Chetan Walia Sir, on the slide 18 the vertical breakup that you have given can you just specify what is OPD, TPL, CPG and what is included in others?

Srikar Reddy OPD is our ISV business. ISV has essentially people like let us say Oracle, Microsoft and the like. TTL is Travel and others would have a mix of lots of other clients who do not fit exactly in to the three verticals with that we have started categorizing and giving you this data on. Like I have said this is a first time we are giving you this information, we have started giving it to you in the last two quarters because there has been huge pressure. We will refine this as we go forward because as you will note CPG and Retail have been added recently otherwise we used to you give you OPD, TTL and others.

Chetan Walia What would CPG stands for?

Srikar Reddy Consumer Packaged Goods. Companies like they make these consumer goods, companies like Coca-Cola or whatever it is.

Chetan Walia And any specific reason for increase in the domestic days outstanding they are more than double for the quarter?

Srikar Reddy Domestic?

Chetan Walia Yes, sir.

Srikar Reddy Okay, that is because like I said we had some receivables which were large billing which got billed at the end of the quarter which has got subsequently collected after the quarter.

Chetan Walia And sir, we have added 200 people in the international IT services in which verticals we have added this?

Srikar Reddy We have added about (+170) people, Chetan out of which about 60 people come from this acquisition of Xyka so if you may want to call it that let us say addition to the Travel vertical. The rest of the people let us say it is about 100 plus are across the board and across competencies.

Chetan Walia And sir lastly, how much is the income tax refund to be received from the department?

Srikar Reddy It is about Rs. 36 crores as of date. That is in the domestic business side. On the other side we are a tax paying company and it is all those regular assessments.

Moderator Thank you. We have the next follow up question from the line of G Vivek from GS Investments. Please go ahead.

G Vivek I want to know about the focus which we are giving to the sale side how many persons we are recruiting with specialization what is the incentive structure we have in place and the recent addition from Infosys one of you mentioned that has already left and how has been the other people who have joined recently?

Srikar Reddy See basically I think the way we are organized is we have a team which looks after our strategic accounts and then we have a team which looks after going after new accounts so that is how we are organized. So basically there is a recent addition which you mentioned about was really driving our new business development in the US. And as I said we already have an existing old Sonata veteran called Amit Kumar who manages our strategic account which is like 95% of our business in the US. So that is how we are organized and I think I have mentioned it in my last call that what we have is basically go to market approaches.

We have a list of about 600 accounts globally we want to target in our selected verticals and so we go after them basically with a multitude level approach in terms of different ways to add to this market in terms of exposures and direct and tele calling events, shows, seminars and working with partners and so on and so forth and then we have a very structured approach after that to get them on board and then have a structured strategic account management process in place to drive growth with these clients kind of stuff.

Moderator Thank you. We have the next question from the line of Sachin Kasera from Lucky Investments. Please go ahead.

Sachin Kasera Two, three questions. One was regarding this FOREX which line item has it been accounted for if you clarify on that? Secondly, coming to the EBITDA margins can you since EBITDA margins are much superior compared to some of the similar sized companies can you give us some idea is it a function of the quality of what we are looking at, to able to get a much better rate per hour or is it that our operations are much more efficient than some of the other companies? If you can answer this issue that will be helpful.

Srikar Reddy First is on the accounting side.

Sathya FOREX basically the SEBI results which shown under serial #2 that explains loss and gain. Basically what we show is net of realizations here. Even if we have a gain on realization and restatement this is the net number which has shown here.

Srikar Reddy Second was if I were to ask you were asking about EBITDA percentage?

- Sachin Kasera** Yes, EBITDA margins.
- Srikar Reddy** Yes, I did mentioned that at 25% before FOREX it is almost one of the highest in the industry. But you had a follow up question to that?
- Sachin Kasera** Yes, so I said what is it that is driving this? Is it mainly because we are doing a much better work and hence our rates are much higher or is it that we are a much more efficient organization what do you attribute this to?
- Srikar Reddy** Yes, one is we are a lot more focused than many of the other companies I would think let me not comment on what others do but talking for ourselves our focus is quite sharp and to that extent it gives us the ability to price our services that much higher. For example if we take Dynamics AX or hybris the rates at which we charge out are much higher than what people would typically charge for a normal typical ADM kind of a service work. So yes, there is an element of that which is adding to the profits. As we grow larger yes, the rates could get averaged because right now our size is relatively smaller it is showing up on the EBITDA almost immediately. As far as operational metrics are concerned yes, utilization is a key metric is at a high it is at about 85% that has its impact on the entire profitability.
- Sachin Kasera** Secondly sir, if you can give us some outlook I understand we do not give a guidance but if you give us a sense of the outlook that we see for the remaining part of the financial year?
- Srikar Reddy** I think we have mentioned it last time. I think as I mentioned it in our few quarters also that I think we believe that whatever are the plans, strategies, actions we are taking are giving us the results we want and we continue to be optimistic about the immediate future in terms of the same kind of a results which we have seen in the past.
- Sachin Kasera** And another question sir, on the inorganic are we also open to looking at a little larger sized say \$20 million, \$30 million, \$40 million types of acquisitions or we would be wanting to focus more on the sub-\$10 million types?
- Srikar Reddy** No, I think we mentioned that question on for the last time. We did say that we would be open to looking at anything up to about \$30 million in terms of ticket size.
- Sachin Kasera** And sir, just one data question. Can you give us what was the growth in the Top 5 and Top 10 customers quarter-on-quarter?
- Srikar Reddy** Top 10 and top 5 I will have to get back to you on that.
- Sachin Kasera** No issue, sir.
- Srikar Reddy** Will you drop me a mail?
- Sachin Kasera** Sure, I will do that sir.

- Moderator** Thank you. We have the next follow up question from the line of Sangeeta Purushottam from Cogito Advisors. Please go ahead.
- Sangeeta Purushottam** Venkat, my question was on the cash balance. I actually missed a little of what you were commenting earlier. Now what you said is that the cash balance at the end of the quarter is about Rs. 108 crores and we did see working capital go up which I think is seasonal right for your local business. So what do you expect this cash balance to go back to say by the end of the year or end of the next quarter? That is one part. And the second thing is that in terms of receivables you mentioned that we have about €4 million still to come in from TUI which is say approximately Rs. 30 crores and Rs. 36 crores from IT. So apart from that are there any major payments we are expecting to come in our favor over the rest of the year?
- N. Venkatraman** You see you are asking me a complete breakup of my working capital, yes. But the large numbers if you look at it one is the income tax that you have rightly said about Rs. 37 crores to Rs. 38 crores. Then we have got about service tax of about Rs. 20 crores to Rs. 22 crores which keeps going in and out of the business and third obviously is the number of TUI Infotech that you just referred to. Other than that most of the others are receivables and payables. So that is pretty much on what has to come in if I can say that. As far as cash balance is concerned we have gone back to the Rs. 225 crores to Rs. 226 crores which is what we started the quarter with before dividends and I have highlighted that also in our press release.
- Moderator** Thank you. We have the next question from the line of Vipul Shah, an individual investor. Please go ahead.
- Vipul shah** So my question is your utilization percentage 85% you mentioned is it including trainees or is it excluding trainees?
- N. Venkatraman** We have just have one, we do not reported including, excluding so if it is all people who are considered billable included in the denominator.
- Vipul Shah** And my second question is can you give me the value in dollars for the deals we have won during this quarter?
- N. Venkatraman** We do not disclose that Mr. Shah.
- Vipul Shah** Can you disclose what will be the deal in terms of dollars executable over next one year that one you can disclose or that also?
- N. Venkatraman** All the backlogs that also we do not disclose.
- Moderator** Thank you. We have the next follow up question from the line of Sachin Kasera from Lucky Investments. Please go ahead.

- Sachin Kasera** One question on deal wins. With the type of pressure that we are seeing in revenues in the last few quarters have we started to win some larger size of it if you can give some idea on that and secondly, progressively are we now bidding for bigger and bigger contracts?
- Srikar Reddy** Yes, good question I think this also we addressed in our few I think couple of calls in the past. Our current success rate continues to be what we call land and expand strategy where we land strategic customers and then expand them kind of stuff that is what has been working for us. Whereas our let us say we have not too much focused on what we call landing the large deals initially kind of stuff straight big deals kind of stuff. So having said that we are going to start putting focus the investment dedicated team to do that but you should understand that these are all like 18 months' timeframe kind of these things. But Yes, so we continue to do well with what we call strategic clients where we get in with the much all our specialized services and we are able to do through our let us say account management process scale them up and we have done that fairly well in last 18 months, we have done with at least three clients where we have significantly grown the clients from a small revenue base in to whatever upwards of few million dollars client per year and fairly sticky and sustain kind of stuff.
- Sachin Kasera** You mentioned that it will take 18 months sort of thing to start bidding for some of these larger contracts. So if you can give us indication as to still what exactly is as per your internal thing would be for these larger contracts?
- Srikar Reddy** So, obviously we are going to focus on a certain type of accounts so we have got definition of that and I mentioned those kind of stuff. I think where our story and our positioning and our size make sense to those kinds of clients what we bring in. So for us average ticket size is what we call it TCV, Total Contract Value of \$25 million for three to five years.
- Sachin Kasera** So this is what as per you as of now you classify as larger contracts?
- Srikar Reddy** That is what we call our sweet spot.
- Sachin Kasera** And currently what is the size of TCVs will it be more like \$10 million to \$20 million that you are bidding currently as of now last quarter?
- Srikar Reddy** No, that is what I said. Today our strategy is to go with the very specialized offering and then expand the client. We are not bidding for a \$15 million straightaway deal and then winning it kind of stuff because it requires a very different approach to market. Our focus has been that first we need to get a good solid client base because as I said these things take a long time and they are hit and miss kind of stuff these kind of stuff I mean you do not hit when we have a big hole. So I think our strategy was to get a good stable base of clients fairly steady revenue streams, good track records, story, etc., before we can actually now believe that we can invest it and wait for the long term.

- Moderator** Thank you. We have the next follow up question from the line of G Vivek from GS Investments. Please go ahead.
- G Vivek** As per my understanding we are focusing on three verticals in IT services, OPD, Retail and Travel and in OPD I believe are we competing with the likes of if I may say the names of your competitors Persistent and which are mostly focus now on Cloud base so we are also focusing in to that direction and how big are the opportunity size for us to tapping these three segments please?
- Srikar Reddy** Opportunities for each of these are fairly large given our size in terms of the \$100-110 million types of services. They are huge and they more on capable to cater to our growth plan for the next three to four years. So the opportunity is large including even if you microsegment these and sub-verticalize it and focus even on the areas where we are focusing on so the runway is huge. So I don't think that's a problem. To answer your question OPDs typically like people Persistent or others are doing or only do these kind of stuff. Though our focus is really on what we call applications software product market. So that's our major focus. And as you rightly mentioned the big opportunities there is people moving their platforms on to the cloud and our success in that has been actually moving some key products on to the cloud over the last 18 months. So I think we have a good story there and then putting new technologies I think we have mentioned that in our few past earnings that in our view how do you go after mobility and that kind of stuff of the products. So that's what we are focused on and that's what has worked for us in the past and we are going to do more a bit going into the future.
- G Vivek** One USP for our company is our excellent board of advisor I believe we have got some very renowned names on our board of advisors. What all have they played and basically any difference made by them?
- Srikar Reddy** Some of them have been served for some time. Basically I think this is Dasu and Jnan Dash are with us for some time apart from Naresh Wadhwa. Naresh Wadhwa really brings in his expertise of the Indian market and really helps our India business, product business, how can we make it more value add and how we can move into some niche SI areas and cloud and that kind of stuff. Prof. Dasu is a professor of OR and he was in Southern California and Jnan Dash has been a CTO of earlier companies like IBM and Oracle. Both of them have really helped us in terms of driving our strategy of value proposition one in our analytic space and the other really on the cloud and big data space really telling us trends in the Valley, what is happening, some kind of algorithmic input to how we can baggage our solutions and so on and so forth. We have recently inducted on advisory board Mr. Wilkinson in Australia that's about three months ago. He really was I think a CEO of some large Retail firms in Australia. So he obviously helps us with our Retail strategy for the Australian marketing but it is a pretty early days yet for that particular relationship. So overall I think, really helps us in terms of the organization understanding or getting better as a company in terms of being able to offer new services to the market.



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G Vivek

Ours is a very old company. More than nearly 20 years old I think. Phaneesh Murthy has started his career with Sonata. A lot many other industry veterans also started over here. And somehow things were not moving. I believe the recent change of management and CEO also has played its part. And how active are the new promoters Raheja? What is their focus towards this IT Company? For them it's a very small company in overall focus?

Srikar Reddy

You are asking too many questions. I have been with the company from 1986. The Rahejas have been involved from mid-90s. They have increased their stake their stake in the company in the last 18 months. So obviously strategically there is a lot of support. I should mention that there is a huge amount of support from all the board for the company. There is a lot of involvement and a lot of encouragement for us to invest more and so and so forth. So I think we have a very-very supportive board now and really helping us and almost forcing us to grow much faster kind of stuff. I hope I have answered your question.

Moderator

Thank you. Participants, that was the last question. I now hand over the floor back to Mr. Srikar Reddy for closing comments. Thank you and over to you, sir.

Srikar Reddy

Right, thank you all very much. Thanks for your support and thanks for very, very interactive and vibrant dialogue all your questions really help us and it sometimes also gives us interaction in terms of what we need to be doing. So look forward to seeing you after our next call. Thank you all again for your continued support.

Moderator

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