Operator: Good day and welcome to the Sonata Software Ltd. Analyst and Investor conference call for Q2 FY27 ended September 30, 2026. Please note that all participants will be in listen-only mode and this call is being recorded. We have with us today Mr. Rajshekhar Datta Roy, CEO of International Services; Mr. Sujit Mohanty, CEO of Domestic Business; and Mr. Jagannathan CN, Chief Financial Officer. We also have our extended leadership team on the call. Please note that there will be an opportunity for all participants to ask questions after management's opening remarks. During the call, management may make certain forward-looking statements that involve risks and assumptions and are based on information currently available to management. Sonata does not undertake any obligation to update any forward-looking statements that may be made during this call. We advise participants to exercise discretion while making any investment decisions. We will begin with the opening remarks from Mr. Rajshekhar, followed by the business overview and financial highlights. After that, we will open the floor for questions. With that, I hand the call over to Mr. Rajshekhar for his opening remarks. Over to you, sir.

Rajshekhar Datta Roy – CEO of International Services: Good afternoon, everyone, and ladies and gentlemen. Good day, and thank you for joining us today. We value your time and your continued trust in Sonata. I will quickly cover what we did in the international business in the past quarter. Last quarter, we spoke about being an AI-first technology partner and AI-native service delivery. We are continuing on that path, and in Q2 we have made some progress, which I will quickly summarize.

You would have noticed that we have grown in revenues despite a drop in one of our top accounts, which shows the resilience that we have built into the company. In Q2, we made progress on multiple fronts. First, we have taken our new offerings to our top clients, and we see traction building in terms of order book and pipeline around them. We have also taken our new offerings to our partners, and we see increasing traction around them and demand from our new clients. We have also created a framework to evaluate the gaps in our execution capability, and we are systematically addressing those gaps so that we have a structural model to scale this business.

We have also seen that the quality of engagement, in terms of both the volume and nature of business, has increased in our mid-sized accounts. Of the six new horizontal offerings that we have, three provide about 61% of the additional pipeline that we have injected, including legacy modernization, AI-powered engineering, and AI-ready data. This is aligned with what we had planned as part of our game plan. We have also strengthened our partnership with Microsoft, both sell-to and sell-with, and we revamped the leadership in the past quarter. We now see early signs of traction and growth in each of these areas, both in sell-to and sell-with.

Especially in sell-with, we have moved into adjacent areas of growth, and that is working well. We hope to see positive momentum around this in the subsequent quarters. In the sell-with area, we have a new partner. We are now a Copilot development partner and a Frontier partner, and this year again we have been nominated as an Inner Circle partner. We are trying to build strategic partnerships around data. That bodes well for the future.

We have also significantly enhanced our Harmonie.ai offerings across AI-native service delivery as an enterprise workbench. We now have Harmonie.ai Migration Studio to address legacy modernization, and we have Agent Bridge for handling process transformation, apart from AI-ready

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data and a resilient AI backbone. All these are fundamental to generating value-first transformation of enterprises to AI. We have now seen that we have been able to take some of these offerings, especially the enterprise workbench, and monetize them by taking them to clients, delivering work, and creating value both for ourselves and our clients.

Two quick examples: one is a global quick-service restaurant chain. We helped with modernization and were able to cut down the time to deliver by about 35%, as well as reduce the effort. This has been highly appreciated, and we hope to receive further business around legacy modernization from the same account. In a US healthcare benefits and claims leader, we expedited the velocity of delivery by about 40%, and that is also becoming a long-term engagement with us. This proves that some of the assets that we built in the past quarter can create value for our clients in a real-world enterprise scenario, which therefore builds a platform for us to scale them further.

We had four key new wins. These were largely in our chosen verticals, namely Agri, Pharma, and Specialty Retail. One of them was a large deal around cloud modernization for a US food service or equipment provider for the retail and quick-service restaurant sectors. We continue to build on our AI capabilities in terms of delivery, people, and partnerships. We now have a growing pool of AI-certified architects, partnerships, and FDs who are trained and deployed on our client engagements. We have also significantly advanced our training on the Sonata Modernization Engineer along with our Frontier platform, so we are ready to deliver the new offerings that we are building.

We have also made progress in the sub-verticals that we cited in the last quarter, and we have made progress in three areas: mortgage and lending, pharma and medtech, and Agri. We are also enhancing our customer engagement and experience area. With all this, we expect positive growth momentum in the coming quarters, despite some headwinds typical of Q3 in one or two isolated verticals. We continue to focus on our operational rigor and expect to see improvement in our performance. We continue to build a resilient business and enhance our offerings, partnerships, and delivery model in alignment with our strategy and responsible-first AI approach. We believe this will create lasting value for our clients, employees, and shareholders. Thank you, and I will now hand over to Sujit to give a summary of the domestic business.

Sujit Mohanty – CEO of Domestic Business: Hi, good afternoon, everybody. Sincere thanks to each of you for joining this call, and I wish you a very happy upcoming festival. Our domestic product business continued to build on the positive momentum achieved in the last quarter. We delivered a healthy performance while navigating an evolving technology landscape and ongoing shifts in OEM partner strategies. More importantly, the strategic actions we undertook over the past few quarters are beginning to show tangible results, strengthening our confidence in the growth trajectory of the business.

As discussed in the previous quarters, the anticipated headwinds resulting from changes in the go-to-market models of certain large OEM partners are now behind us. We are increasingly focused on accelerating the growth opportunity ahead. We are making significant progress across our strategic growth pillars. We continue to strengthen our partnerships with leading hyperscalers and technology providers. Through our focused GTM execution, we increased business from non-hyperscaler OEMs among our existing and new customers. During the quarter, we enhanced

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our business partnership with Amazon Web Services by signing a 5-year strategic collaboration agreement to accelerate cloud adoption and modernization for enterprises across India. This collaboration will help us deepen our AWS capabilities, enable us to engage customers earlier in their transformation journeys, and unlock more strategic opportunities. We also signed a 3-year joint go-to-market initiative with Google India for Google Gemini Enterprise.

Our multi-cloud management services business continued to gain momentum during this quarter. We secured multiple strategic wins across banking, financial services, manufacturing, and the enterprise segment. As customers increasingly seek support for managing complex hybrid and multi-cloud environments, we believe this business provides a significant opportunity to build a stronger recurring revenue stream while deepening long-term customer relationships. We continue to set up, build, and expand our addressable market through focused investment in new growth areas to reimagine the next phase of growth across enterprise IT services, GCC-focused professional services, and multi-cloud management services.

We operationalized our inside sales group to strengthen market coverage and demand generation for some of these new business GTMs. We are encouraged by the early opportunities emerging across enterprise customers and GCCs for the new business areas. The quarter also witnessed encouraging traction across our solution portfolio, with several new wins and expansion opportunities across systems integration [inaudible].

Diggi: Multi-cloud management and AI-led engagement. Our ability to collaborate closely with leading hyperscalers and technology partners continues to support customer acquisition and wallet-share expansion across existing accounts. AI continues to be one of the most significant opportunities for our customers and partners. Enterprises are increasingly moving from experimentation to adoption, creating demand for cloud platforms, AI tools, infrastructure readiness, and managed services. Through our strength and partnerships with hyperscalers and other leading OEMs, we are well-positioned to support customers in their AI transformation journey while building a differentiated growth engine for the future.

During the quarter, we achieved a gross contribution of 82 crores, which is a growth of 19.3% year-on-year, and a PAT of 47.3 crores, which is a growth of 12.2% year-on-year. Looking ahead, we remain optimistic about the opportunity before us. The AWS strategic collaboration agreement, the Google Gemini Enterprise partnership, our growing multi-cloud managed services business, and our investment in AI-led offerings provide us with greater confidence in the medium-term growth outlook. Overall, we remain confident in the direction of the domestic business. Our focus is not only on growth but also on building a diversified, scalable, and future-ready business with sustainable value creation for customers, employees, partners, and shareholders. With this, I am handing over to Jagan for the financial update. Thank you.

Jagan: Thank you, Diggi. Good morning, good afternoon, and good evening, everyone. I will now provide key updates on the Q2 FY27 business and financial performance.

Starting with the international business, during the quarter we benefited from a few growth drivers. We added four new customers in Q2 FY27. The top 10 clients contributed a revenue share of 51% in Q2 FY27. The number of clients with a greater than 5 million run rate stood at 11, and the number of clients with revenue between 3 million and 5 million stood at 12. The Q2 FY27 order book stood at

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98.5 million, with a book-to-bill ratio of 1.18x. We recorded an AI-led order book of 24.2 million in Q2 FY27, which now contributes approximately 25% of the overall order book. The AI-led pipeline was 358 million in Q2 FY27. Total headcount, including domestic, stood at 6,214 in Q2 FY27, with attrition at 10%. The on-site/offshore revenue mix stood at 30/70 in Q2 FY27. Utilization improved to 90.5% in Q2 FY27 versus 88.5% in Q1 FY27.

Let me now walk you through our financial performance for the quarter ending September 30, 2026. Starting with international services, rupee revenue stood at 797.9 crores, a growth of 2.7% quarter-on-quarter and 9.3% year-on-year. USD revenue stood at 82.8 million, representing a growth of 1% quarter-on-quarter and around 0.9% year-on-year. In constant-currency terms, this represented a growth of 0.6% quarter-on-quarter and a flat 0.1% year-on-year.

EBITDA, before other income and forex, in Q2 FY27 stood at 15.5%, a growth of 0.1% quarter-on-quarter from 15.4% in Q1 FY27. The EBITDA improvement was driven by the following factors: utilization improved to 90.5% from 88.5%, primarily due to the completion of the ramp-up of one of the large deals. There were operational efficiencies from improving the pyramid, fixed-price optimization, and SG&A savings.

These increases were mainly offset by increments in this quarter, an increase in severance costs in one of our large accounts due to ramp-downs in a couple of geographies, and investment in a new AI solution for a few of our customers as a proof of concept for potential revenue in the upcoming quarters. We continue to invest in talent transformation, advisory, and solutions in line with our positioning of engineering AI enterprises.

Q2 FY27 PAT stood at 69.1 crores as against 62.2 crores in Q1 FY27, a growth of 11.1% quarter-on-quarter. However, there was a degrowth compared to last year. Reported ROCE and RONW for the quarter stood at 19.2% and 17.7%, respectively. International services DSO in Q2 FY27 was reported at 52 days against 60 days, but this was also due to some advance collections in this quarter. We will maintain DSO at around 60 days in the coming quarters.

Now let me provide an update on the domestic business. Revenue for Q2 FY27 stood at 1,655.6 crore. This represents a degrowth of 33.9% quarter-on-quarter, but a growth of 19% year-on-year. As mentioned earlier, we focus on gross contribution rather than revenue. Gross contribution for Q2 FY27 stood at 82 crores, a growth of 4.5% quarter-on-quarter and 19.3% year-on-year. PAT for Q2 FY27 stood at 47.3 crores against 45.9 crores in Q1 FY27, a growth of 3.1% quarter-on-quarter and 12.2% year-on-year. DSO for Q2 FY27 was 47 days compared to 65 days in Q1 FY27. Reported ROCE and RONW for the quarter stood at 58.2% and 42.9%, respectively.

On the consolidated business, consolidated business revenue stood at 2,445.2 crores, a growth of 15.4% year-on-year. PAT for Q2 FY27 stood at 116.4 crores against 108.1 crores in Q1 FY27, reflecting a growth of 7.7% quarter-on-quarter, although there was a degrowth year-on-year. Reported ROCE and RONW for the quarter stood at 25.8% and 23.3%, respectively. EPS for Q2 FY27 stood at 4.2 per share against 3.9 per share in Q1 FY27.

On cash flow, cash generation remains strong during the year, with a closing gross cash balance of 426.3 crore. To conclude, overall, the quarter reflects continued progress in executing our AI-first strategy, deepening client partnerships, enhancing delivery capabilities, and maintaining a

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disciplined approach to business performance. Additionally, the operational momentum highlighted by our domestic business team is translating into healthy financial outcomes. Our focus remains on driving profitable growth, maintaining disciplined execution, and strengthening cash generation, while continuing to invest in opportunities that support long-term value creation. With this, I hand over back for the questions.

Operator: Thank you very much, sir. Ladies and gentlemen, we will now move to the Q&A segment. To ensure that we provide space for as many participants as possible, we request you to limit yourselves to two questions per turn. For participants connected via Zoom, please use the raise-hand icon located at the bottom toolbar on your screen. When called upon, you will receive a prompt to unmute. For participants connected via telephone, to join the queue, please press star nine on your telephone keypad. When it is your turn, you will be prompted to unmute by pressing star six. Please state your name and company name before asking your questions. We will wait for a moment while the question queue assembles. We will take the first question from Dipesh Mehta of Emkay Global. Please go ahead.

Dipesh Mehta – Emkay Global: Thank you for the opportunity. I have a couple of questions. First, regarding the drop in one of the top customers that we have observed, can you provide some context around it and how you expect it to evolve over the next few quarters? The second question is about data revenue. Data revenue continues to have significant weakness. It is down 50% year-on-year. Data is one of the focus areas for the company, but the performance that we report in one of the service lines is not reflecting that focus. So if you can provide some clarity on how to read it.

The third question is about the EBITDA margin walk. Jagan, if you can take us through each of the factors that you indicated and quantify some of the impact from a quarter-on-quarter perspective. I also have one question on the domestic business. Perhaps once you answer these three, I will have one follow-up on domestic. Thank you.

Diggi: [pause] Thank you, Dipesh. I will take the first couple of questions and then hand it back to Jagan to answer. As I narrated, we had a drop in our top customer in the past quarter. That happened during the renewals [trails off]

Raj: No, I think these drop-offs are normally expected, but I think that we are past that now and we see positive traction going forward. That is because of two or three things. First, we have made changes in our teams and leadership. Second, we have changed our strategy in terms of where we focus in these areas, moving more toward spending around AI. That is standing us in good stead going forward.

Regarding data revenue, if you compare year-on-year and right now, our largest BFSI customer, which ran down, had largely data as its business, and that contributed to the year-on-year trend. In the drop in the large account, a large part was also from the data area. Both contributed to the quarter-on-quarter as well as the year-on-year trend, but we feel very strongly that our data pipeline as well as our OB will continue to grow because of some of the work that we are doing in the strategic alignment of modernization to AI-ready data. That is the go-forward direction on that. Jagun, do you want to answer the question on EBITDA?

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Jagun: Thank you, Deepesh. As Raj mentioned in my comments, there were headwinds and tailwinds for us. The tailwinds were the improvement in margin and utilization for us in this quarter. That was beneficial. In addition, there were savings from operational efficiencies that were brought in during this quarter.

However, as I mentioned earlier, this quarter we had a salary increase for our low-management people, which represent about 60% of our employees. That increment had an impact on EBITDA, as expected. In the large account, there are a couple of geographies where we incurred severance costs because of a couple of ramp-downs, and that is also reflected in our revenue. That has been absorbed in this quarter.

The third factor is the investment in what we have done with our customers. As mentioned by Raj, we have been focusing on our new go-to-market, AI-led go-to-market, the six offerings that we mentioned, and our focus on three offerings for customers. We are seeing a lot of traction there. Hence, we have invested in demonstrating the value of these solutions to customers through proof-of-delivery investments for a few customers. Some of these investments are reflected in our pipeline as well as in our order book, which you will see in the next couple of quarters. Due to the increment, this will reflect in an increase in revenue. These are the major reasons for our EBITDA in this quarter.

Dipesh Mehta - Emkay Global: No, Jagun, thank you, but I was more interested in the quantification of some of these factors. For example, what is the exact impact of the wage hike on the margin? Similarly, regarding the severance payment, since it is unlikely to recur next quarter, if you can quantify it, it would help us understand what is the recurring and non-recurring impact this quarter.

Regarding the top client, you indicated that we exited some markets and incurred severance costs. Going forward, are we witnessing any challenges in the top 10? If I look at the last couple of years, our performance was affected because of challenges in some of these top clients. From here on, over the next 12 to 18 months, what growth outlook do you observe for our top 10 clients, if you can provide some detail?

Regarding the domestic business, I wanted to understand whether the domestic business is now showing signs of recovery. Do you expect the domestic business to return to a mid-teen gross contribution profit trajectory going forward? Thank you.

Jagun: [pause] Deepesh, your question is very valid. Raj will comment on the second part regarding growth. I will complete the margin part. Of what I mentioned to you, the one-time items include the severance cost, which contributed around 50 basis points for us in this quarter. The one-time proof-of-concept investment was around 100 basis points for us. These two impacts are present.

However, this one-time proof-of-delivery investment depends on what the customer wants and the situation of the deal. It is not a planned investment that can be structured for the next four quarters. Depending on the customer's requirements, the opportunity in front of us, and the size of the deal, we may have to decide on this. As of today, I have reflected what we did in Q2. That does not reflect what we are going to do in Q3. Therefore, I will not be able to comment at present on the quantum that will or will not be reflected.

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In case there is a substantial investment—but this is not a substantial investment—we do not expect this to be a continued substantial investment. However, this is a very important investment for winning deals with a few of our existing customers, and hence we invested in it. We may have some portions of this continuing in Q3, but we do not know exactly where we stand at this point. It reflects only the past data; you cannot extrapolate it for the future.

Raj: [pause] Answering your question on the top 10 customer mix, there are isolated headwinds that are expected in Q3, especially in our BFSI and TMT verticals, but we still think that our top 10 will contribute more than what it has contributed in the past. It is not specific to each account, but the top 10 contribution will be higher. That is what we see for the moment. Going forward also, I think our top 10 businesses are looking far more sustainable at this point.

[pause] Regarding the India business, taking into account the GTMs that are currently running in the market, our OEM engagement, and customer traction around those GTMs, we strongly believe that in the medium term we will continue to have a growth trajectory. Thank you.

Operator: Mr. Mehta, do you have any more questions?

Dipesh Mehta – Emkay Global: No, thank you.

Operator: Thank you. A quick reminder to our participants: if you wish to ask a question, you may click on the raise-hand icon from the participant tab. We will take our next question from Amit Chandra of HDFC Securities. Please go ahead.

Amit Chandra – HDFC Securities: Am I audible?

Operator: Yes, sir.

Amit Chandra – HDFC Securities: Thank you for the opportunity. My first question is about the stress that you are seeing from the top account. You mentioned that there were delays in renewals, or that some of the renewals did not happen and we had an impact there. Is it because, if I recollect, last time you said that most of the renewals in terms of Microsoft or the larger account were on track and we were seeing some signs of recovery there? What has changed in the last 3 months?

From here on, what gives you the confidence that the top 5 and top 10 accounts will actually drive growth? We have been struggling for growth over the last several quarters, and some of the verticals and clients are facing headwinds. Overall, growth for international services has been under pressure.

If I look at some of the verticals, the emerging vertical on a year-on-year basis has seen a sharp decline. It is now 2%, whereas year-on-year it was around 10-11%. What is happening within that? Also, if you can provide some color in terms of which verticals are seeing traction from here on and what kind of recovery we can expect in the coming quarters?

Raj: [pause] Amit, I think you have asked three questions. One is about renewals from our top accounts. As I said, the renewals are behind us. However, we had a ramp-down in one program in particular, which resulted in the revenue decrease in the past quarter. That is behind us now. We see positive traction building, and I think we need not look at that going forward. We have moved

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into new areas, and that is working well for us. That is the position on the top account.

Regarding top 10 performance, there are accounts in the top 10—one or two accounts—that have some isolated headwinds in Q3. However, overall, we will still see accretion. That is what we see currently. We are continuously building pipeline in these areas and expect to convert it. About 30% of the large deals are in the top 10 accounts. We are therefore quite confident about growth coming from the top accounts.

[pause] For the third question on the verticals, as we mentioned earlier also, BFSI... [trails off]

Management: ...we expect that to also play out for us. Coming to verticals, HLS, which is Healthcare and Life Sciences, is growing consistently for us. In BFSI, if you compare it with last year, that included one of the accounts from Quant. I think that account has since ramped down, but after that we still last year {? grew ?}. R&D is slightly under pressure. TMT, barring the top account, is looking good.

One thing that I wanted to mention is that some of our growth is also coming from mid-sized accounts, which are scaling up faster. That is primarily because, with the AI-led go-to-market, we see a model of proving and scaling. You prove for 2-3 months and then scale. We already see examples of that happening, and it is happening faster in these mid-sized accounts, so they are scaling faster.

While we have a pipeline, the OB decision-making process is longer in this area, primarily because customers are worried about security and regulation, and they are still considering the matter, even though they might be convinced about the offering. That is the typical color on the geography. We also made significant progress in Agri, for example, which has been one of our focus areas. We have already had wins there, and those types of go-to-markets are improving further.

Amit Chandra - HDFC Securities: [pause] In the TMT vertical, apart from the stress and decline in the top account, is it fair to assume that the other accounts, excluding that account, have been growing, or is the pressure we are seeing in TMT more broad-based?

Management {? Raj ?}: [pause] No, it is not broad-based. It was isolated to one account. We might have another account on which there might be pressure in the sub-quarter in the coming quarter. In spite of that, we see positive traction overall. I do want to reiterate that it is not isolated to this one account. We are trying to build a resilient business. We understand that some of these things will happen. We are anticipating that and driving the business toward being resilient and growing despite this.

Management {? Jagan ?}: Right. Amit, one point I want to clarify, just to add to what Raj was mentioning: in the top account this quarter, there was some impact, but we see positive momentum in this top account from the next quarter.

Amit Chandra - HDFC Securities: Earlier, we used to give some sense of how much exposure we have to Microsoft in terms of sell-to and sell-with, only on the IT services side and excluding the domestic business. Can you give us any number regarding our Microsoft exposure through sell-to and sell-with within IT services right now?

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Management {? Raj ?}: [pause] We can provide you the details offline. I will provide you the details, Amit.

Amit Chandra – HDFC Securities: In terms of margins, there has obviously been margin erosion over the past few quarters. Earlier, we had an aspiration to operate in an 18–20% range, and now we are back to 15%. From here on, what are the margin levers apart from growth? You mentioned some of the one-offs that we had in this quarter, and we also had the wage hike. Most of the one-offs are now in the base, the wage hike is in the base, and we are expecting growth to return. From here on, what kind of steady-state margins can we expect for the IT business?

Management {? Jagan ?}: [pause] Amit, I will take this question. Our aspiration is to maintain the margin between 18% and 20%. As mentioned, we are working toward that. This quarter, we called out the reasons why our EBITDA percentage is where it is now. It is not a degrowth; there was still an improvement in spite of all these investments and the headwinds for us.

We expect the margin to improve from now. This is the base level, and we expect the margin to grow. We will keep you posted on how much margin growth will occur. We wanted to reflect the number when the results are announced, but there will definitely be positive momentum in the margins in the coming quarter. That is what we expect.

I want to highlight one important point because you also mentioned revenue growth. After a long time, at least after 4–5 quarters, we crossed 0.5% growth in this quarter, and we are clearly reflecting 1% growth. We see this as the beginning of the growth phase returning for Sonata. That is why we are very positive about both margin and revenue in the coming quarter.

Amit Chandra – HDFC Securities: For my final question, regarding the domestic business, we are seeing growth returning and the concerns related to the top client going direct and so on. Is it fair to assume that most of the concerns are behind us and that we can return to a 20–25% growth trajectory in the India business?

Management {? Raj ?}: [pause] I am not able to comment on the exact percentage, but I can definitely tell you that you will see the growth trajectory in the medium term.

Amit Chandra – HDFC Securities: Thank you.

Operator: Thank you. Anyone who has a question may click on the raise-hand icon to join the question queue. Participants, if you wish to ask a question, you may click on the raise-hand icon so that we can unmute your connection. We will take our next question from Ashish Dash of Systematics. Please go ahead.

Ashish Dash – Systematics: Am I audible?

Operator: Yes, sir.

Ashish Dash – Systematics: Thank you for the opportunity. You mentioned that there is positive traction in certain segments, and you also highlighted that you are entering new areas. Could you please elaborate on those points? Jagan also highlighted 1% growth despite these challenges. I am trying to understand whether this traction could drive an acceleration in our growth.

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Management {? Raj ?}: [pause] If you look at our growth drivers, as Jagan pointed out, given where we started and looking back over the past 4-6 quarters, we had multiple headwinds from large accounts ramping down and other issues. We were trying to build a resilient business so that it could remain completely stable. In this quarter, we are moving the needle from stability toward growth, which is represented by this 1%. This is an early indicator of that movement.

What is driving this? Fundamentally, three things are driving it. The first is what we are taking to customers, for which there is demand given the growth of AI. These are our new offerings. We currently see three specific areas. The first is AI-native service delivery. We see significant traction around that, and it is built around our differentiated approach with {? Enterprise Boldness ?}.

The second is legacy modernization. That is a large part of the pool of demand that was not available to us in the past and is now available in multiple forms, whether in data, cloud applications, or business processes. We are seeing legacy modernization as a significant opportunity.

There are three main things driving demand in the market: business transformation with AI, legacy modernization, and service delivery transformation. For each of these, we have built assets as part of Harmonie.ai to help us differentiate and win. That is creating positive traction.

The third factor is our focus on where we are pursuing growth. We are focusing on accounts based on where we see headroom potential for Sonata, where we have aligned capabilities, and where we have now invested to drive growth. That seems to be playing out. Those accounts are growing for us, even though we may currently have a low market share, because we are able to grow our market share there. Because of the new offerings, we are able to create opportunities.

The second vector is new accounts. We have strengthened our partnerships, especially with Microsoft and AWS, and we have other partnerships currently in development. We have built strategic partnerships. After a long time, you will see that our Dynamics business has started growing again, on the back of new wins. We also see a data pipeline that may not yet be visible in terms of revenue, but we have a very strong pipeline and a very strategic model of engagement around this.

Management: ...data. That is one. Cloud with legacy modernization is growing. These are the vectors in terms of horizons.

In terms of verticals, we still think TMT is going to be accretive for us. In BFSI, except for perhaps a little bit of headwind in Q3, the medium-term outlook is still going to be good for us. Healthcare has been steady. These three verticals will help drive growth. We also see that there may be opportunities in retail, but it will probably take one or two quarters for specific pockets to return, particularly logistics, which has shown signs of recovery. I hope that provides some color on the business.

Ashish Dash – Systematics: I understood. I just wanted to confirm one thing. You mentioned that there is another account where we may see headwinds in the coming quarters. Could you elaborate and provide more detail about that account, including which vertical it is in and what kind of impact you are expecting? What is the exact issue?

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Management: [pause] That will be in the TMT vertical. Just to give you a little color, in the next quarter we might see a slight ramp-down in that account in the TMT vertical. In spite of that, we think we will be able to grow and will see accretion in the top 10 accounts. That is point number one.

Point number two, even in that account, our order book has actually increased. Therefore, the revenue will now be spread over a longer period, and the revenue value of the order book has increased significantly from what it was in the past. You will see a longer stream of revenue. While we have a quarterly impact, the long-term view over, say, 8-10 quarters is positive in terms of the total volume of business.

Ashish Dash – Systematics: My last question is about the last 2 quarters. In your presentation, you have been highlighting key deals rather than large deals. Could you please explain what you mean by key deals and what the average size of these deals is?

Management: [pause] We classify a large deal as one over 5 million. However, one of the things in this market is that our strategy is not to be dependent only on large deals because they involve decision-making delays and complexities that are affecting our performance. That is a pivot we have made.

We are mitigating this with a much wider range of deal sizes, typically in the range of 2-4 million dollars or perhaps slightly higher. The deal might be slightly below 5 million, but it is still significant for us. For example, we had a deal this quarter worth about 4.2 million dollars. It is not categorized as a large deal, but it is still important. We are intentionally trying to grow this type of deal.

This mitigates the risk of delays in large-deal decision-making, and that is how we are building a resilient business. Hence, we started pointing out key deals because they are the right indicator of our pipeline.

Ashish Dash – Systematics: Thank you so much.

Operator: Thank you. We take our next question from Dipesh Mehta of MK Global. Please go ahead.

Dipesh Mehta – MK Global: Thank you for the opportunity. I have a couple of questions. I want to get a sense of the micro-verticalization that you alluded to earlier. In your presentation, you provided more detail about what we address in BFSI, HLS, and RMD. Can you give a broad sense of the scale of some of these sub-verticals and the growth opportunities you see from a medium-term perspective?

The second question is about the leadership changes that you highlighted, particularly at the account level. Can you provide a broad view of whether we are largely behind that exercise? In terms of the changes in leadership that you intended to make, have they already happened, or where are we in that journey?

The last question is about Quant. We acquired Quant a few years ago. Considering some of the client-specific challenges and the overall growth trajectory, do you see any possibility of impairment in the transaction? Thank you.

Management: Sorry, I missed the last question. Can you repeat it, Dipesh?

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Dipesh Mehta – MK Global: Regarding the Quant business, considering the client-specific challenges that have led to a decline in the business, are we witnessing or seeing the possibility of impairment in that business?

Management: I think our leadership changes, especially for the top account, are behind us. We continuously look at how to improve our capability to execute. Apart from that, particularly regarding the top account, we have plans to further augment and align our leadership capacity with our strategy going forward, but this is not linked to the top account.

We have a fairly stable leadership team now that is working well for us, and we hope that it will be sufficient for our current growth. However, we will continue to invest for a future and larger growth trajectory.

Regarding sub-verticals, as I said, it is still to play out in terms of revenues. However, we see early momentum in two verticals specifically. One is life sciences. In life sciences, we have taken this approach and already have prospects at a mature stage based on the sub-vertical strategy. We are taking an approach in which we build a minimum viable proposition, take it to the customer, and validate it. Based on that, we are seeing traction.

Having said that, the revenue will play out only in the medium term. The second is Agri. We already have wins in Agri and are strengthening that area. This has been a traditional strength of Sonata, so that is also working well for us.

We are building out multiple domains in BFSI, especially mortgage and lending, which has been our core area of focus. We have an MVP for the proposition, but you will see the revenue impact in the medium term. Life sciences is currently closest to revenue. This also validates our approach, which will ultimately lead to outcome-based models being implemented with clients in the future.

The last question was about impairment. Jagannathan, you want to...

Jagannathan: Regarding Quant, at present it is not showing any impairment. However, we will re-evaluate this periodically as per the governance process and regulatory requirements. The last evaluation was done in March because of the year-end. Through a structured and governed audit process, we tested for impairment and did not identify anything. This was also disclosed and confirmed by the auditors.

Going forward, we may consider merging Quant with Sonata in the coming quarters whenever the Board decides to do so. That is the situation on this matter.

Dipesh Mehta – MK Global: Thank you.

Operator: Thank you. Any participant who wishes to ask a question may click on the raise-hand icon. We have the next question from Jimit G of MK. Please go ahead.

Jimit G – MK: Hello. Yes, please go ahead. I wanted to understand the progress on the AWS deal that we signed. Has it ramped up, or is it in the process of ramping up? Is there any ballpark contribution that we can expect from this? If you could shed some light on this, that would be very helpful. Thank you.

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Management: [pause] Jimit, we signed this SCA agreement with AWS, which is a 5-year contract. As per the contractual terms, in the first few quarters we have to build a competency team. We are currently working on building the team and engaging with the AWS India account team.

This will take around 2-3 quarters to set up, after which the GTMs and execution will most probably start from the first quarter of the next financial year. We need at least until next quarter to keep the platform ready and complete the setup. This is how the plan has been set in motion, and this is how it has been agreed with AWS.

Jimit G – MK: Thank you. Can you also help us understand some of the contours around it? Is this a structure similar to Microsoft, or is it a different structure? How do we expect it to work? Do we expect any [cut off]

Jimit G – MK: ...anything incremental at the gross contribution level as and when it ramps up?

Mr. Rajsekhar: [pause] Currently, we have an engagement with AWS, and we conduct AWS business in India. The whole idea of entering into this plan is to accelerate the AWS business and customer acquisition around AWS technology in India. Essentially, we are looking to double our earnings from the AWS technology areas that we currently have. That is how this program has been designed. We are therefore definitely looking to gradually double our earnings from the AWS engagement. Thank you.

Operator: Jimit, do you have any more questions?

Jimit G – MK: No, thank you so much.

Operator: Ladies and gentlemen, that was the last question for today. I will turn the call back to Mr. Rajsekhar for a brief summary and closing comments.

Mr. Rajsekhar: Thank you very much, everyone, for joining the call, and a very happy Diwali to everyone. We wish everybody a very happy and prosperous Diwali. We at Sonata are trying to build a resilient business that works for our employees, shareholders, and all stakeholders, and we look forward to that. Thank you again very much.

Operator: Thank you. On behalf of the leadership team, I would like to thank you for your time and your continued interest in Sonata Software. Should you have any follow-up queries that were not addressed, please feel free to reach out to the investor relations team at investor@sonata-software.com. You may now click on the leave button to exit the meeting.

Note: {? ... ?} indicates a figure or name where audio clarity was insufficient for confident transcription. Verify against the source audio or the company's published filings.

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