



“Saksoft Limited
Q4 FY26 Earnings Conference Call”
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MODERATOR: **MR. VINAY MENON – MONARCH NETWORK CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Saksoft Limited Q4 FY26 Earnings Conference Call, hosted by Monarch Network Capital Limited. 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 this conference, please signal an operator by pressing star, then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Vinay Menon from Monarch Network Capital Limited. Thank you, and over to you, sir.

Vinay Menon: Good afternoon, everyone, and welcome to the call. On behalf of Monarch Network Capital, it's my pleasure to host the senior management of Saksoft. We have with us Mr. Aditya Krishna, Promoter and CEO; and Mr. Niraj Kumar, CFO and COO of the company; and Ms. Avantika Krishna, Chief Executive Director.

I will hand over the call to Aditya sir for his opening remarks.

Aditya Krishna: Thank you, Vinay. Hello, and good afternoon, everyone. Welcome to our earnings call to discuss the performance of the fourth quarter and full Financial Year 2026. Let me start off by briefing you on the key business highlights for the quarter, after which my colleague and our Chief Operating Officer and CFO, Mr. Niraj Ganeriwal, will brief you on the financials.

Over the past year, the global IT services industry continued to operate in a dynamic environment shaped by macroeconomic uncertainties, geopolitical developments and evolving enterprise technology priorities. While our sales pipeline remains strong, customer decision-making cycles have become relatively elongated amid the increasing focus and evolving conversations around AI.

In response, we continue to invest strategically in our AI capabilities and accelerators to further strengthen our innovate, modernize and operate proposition and deepen engagement with customers. I'm pleased to share that during the Financial Year 2026, we crossed a significant milestone of INR 1,000 crores in annual revenues despite a year marked by continued geopolitical uncertainties and cautious customer spending environments. The Board has also approved a final dividend at 55%, which is equal to INR 0.55 per equity share, making the total dividend to 100% of face value of INR1.

From an operational standpoint, we continue to witness increasing traction in customer discussions around AI-led revenues. Across customer engagements, we are seeing enterprises balancing 2 priorities simultaneously, remaining competitive in an AI-led market while optimizing ongoing technology spend. Customers are increasingly moving away from fragmented support functions towards centralized and AI-enabled operating models that improve responsiveness, optimize run costs and create capacity for business growth and innovation.

In line with this substantial traction, we have made strategic investments in AI capabilities and accelerators to increase our wallet share with existing customers. During the year, we added one new customer in the US\$0.5 million bracket in the Logistics vertical, while one customer in the

Commerce vertical moved from US\$0.5 million category to the US\$1 million category, reflecting continued mining of existing relationships and steady client expansion.

Overall, despite the near-term uncertainties in the global IT spending environment, we remain confident in our differentiated digital transformation capabilities, strong client relationships and long-term growth strategy while continuing to build a future-ready organization with AI-led innovation at scale.

Now I would request my colleague, Niraj, to give you the financial highlights for the quarter under review.

Niraj Kumar:

Thank you, Aditya. Now let me start by giving financial highlights for the quarter under review. For the fourth quarter of the Financial Year 2026, the revenue from operations stood at around INR 249 crores, registering a growth of approximately 4% year-on-year and a decrease of about 0.8% quarter-on-quarter.

The EBITDA for the quarter stood at INR 45 crores, reflecting a healthy growth of 24% year-on-year, while the EBITDA margins improved to 18.19% from 15.17%, representing an expansion of 301 basis points year-on-year. The Net Profit for the quarter stood at approximately INR 36 crores, registering a growth of 20% year-on-year with the Profit after tax margins improving to 14.44%, being an expansion of around 192 basis points year-on-year.

For the full Financial year 2026, the operating revenue stood at around INR 1,007 crores, registering a strong growth of nearly 14% year-on-year. The EBITDA for the year stood at INR 187 crores, reflecting a healthy growth of around 28% year-on-year while EBITDA margins improved to 18.57% from 16.56%, representing an expansion of 201 basis points year-on-year.

The Net Profit for the year was at INR 133 crores, registering a robust growth of 23% year-on-year with the Profit after tax margins improving to 13.23%, which represents an expansion of 91 basis points year-on-year. Now coming to some revenue split by the geography for the full Financial Year. The Americas contributed to nearly 50% of our total revenues, whilst Europe contributed 29% and the remaining 21% came from Asia Pacific and other regions.

The on-site revenue mix was 44% and the offshore at 56%. The revenue split across verticals remains diversified. The Banking and Financial services contributed to nearly 31% of the revenues, whilst the Emerging Verticals accounted for 47%, the Logistics contributed to 14% and the Commerce accounted for 8% of the revenues.

Coming to some of our customer metrics, we have around 16 customers of US\$1 million plus revenue. The total employee count at the end of the quarter stood at 2,494, out of which 2,277 were technical with the utilization level of employees, excluding trainees being at 83% for the full Financial Year.

We are also pleased to highlight that our net cash and bank balance is positive at around INR 223 crores as on 31st March 2026 indicating a healthy cash generation and liquidity to support our strategic investments and growth initiatives, which is required to meet our US\$500 million

plan for 2030. That concludes the updates on the quarter, and we can now open the floor for the Q&A session.

Moderator: Thank you very much. We will now begin the question-and-answer session. Our first question comes from the line of Bharat Gulati with Dalal & Broacha.

Bharat Gulati: Just a question on growth. Just trying to understand that in the past 2 quarters, we've sort of seen flattish sequential growth. So anything specific to call out on that front? And just trying to understand as we enter into FY27 and half of quarter 1 of FY27 is also almost, basically, over. Have we seen this growth pick up back to that 3.5% to 4% sequential range?

Aditya Krishna: Growth is picking up, Bharat. But like I mentioned in my statement, decision-making by customers is getting deferred because of all the noise around AI. It has to settle down because at the end of it, enterprises have to spend money on their technology landscape. When will this stop? When will decision-making become a little bit faster?

I really wish I could give you a concrete answer. But with each passing month, all I can say is that while the noise is still there, customers are realizing that the noise is not going to go away. So they're starting to make decisions. Our pipeline is really strong. I would say it's probably the strongest it's ever been in the last in the history of the company.

It's just that decision-making is slow. The minute it picks up, you should see steady growth quarter-on-quarter. And that's the reason why, see, third quarter, we had a setback because 2 of our big customers deferred spending. This quarter, one has picked up, the other one is still struggling and decision-making is deferred. Now quarter 1, quarter 2 this year, we're really expecting decision-making to pick up. As soon as it does, you will see growth pick up.

Bharat Gulati: Got that. Got that, sir. And just trying to understand in terms of the cash balance that we hold currently, you earlier referred to us growing 20% inorganically and 80% organically. Any sort of acquisitions that are in the books and just trying to get a ballpark size of what that acquisition would be?

Aditya Krishna: We can never afford a very big acquisition, Bharat, because of the -- we always do it with internal accruals, maybe a little bit of borrowing, but it's with our own money. So if we buy anything, it will be, I would say the maximum would be a top line of INR 100 crores. That would be the maximum appetite we would have. We are actively looking all the time. Even at this point, we are looking, but it's too premature to say that something will happen this quarter.

Bharat Gulati: Got it. Got it, sir. Got it. I'm just trying to understand on the margin front, this 17% to 18% EBITDA should continue to sustain going into FY27. That would be fair to say.

Aditya Krishna: We're going to try and maintain it. There might be a little bit of a dip, Bharat, because of 2 reasons. One, we're investing in AI. And customers are expecting at renewal time contracts to be revised at a lower price because of the AI productivity that AI warrants. So there will be a little bit of compression.

Nothing to be really concerned about. I think we are on a good footing because what AI has also done is it's levelled the playing field much more and the bigger players have more to lose than companies like us. Companies, like, of our size being nimble and very quick to react, have more to gain because of the AI disruption than the market leaders.

Bharat Gulati: Got it. Got it. And just one last question. Just trying to directionally get your thoughts on, sir, that with the adoption of AI and the kind of onset that we've seen and delayed decision-making, can we somewhere see a sort of cannibalization happen in our current revenue base as our AI offerings scale up within our customers? Or do we believe it to complement our current services?

Aditya Krishna: You will see cannibalization in contracts. In total spending, you will not see cannibalization because whatever the customer is saving on a particular renewal of a contract, they will spend on some other work. And if we are close to the customer, we should get that work. But where you will see real benefit of AI is with time on our margins because take the example of the traditional model of 10 people in a pyramid model. That's one option. The other option is 6 humans and 4 AI agents. And as you gravitate towards the second, you will see that the number of people required will go down, the number of agents will go up and margins will improve.

Bharat Gulati: Got it. Got it. So it would be fair to say that if we're close to the customer, we would also see some wallet share gains within the customer as we'd be able to implement more kinds of services into them. That would be fair to understand.

Aditya Krishna: Yes, we are putting everything possible into growing wallet share because of 2 reasons. One, it's the easiest way to grow. Secondly, if we don't increase our wallet share, there is always a risk of getting consolidated out when there is a vendor consolidation. So the focus is , and 95% of our growth will come from existing clients.

Bharat Gulati: Got it. Got it. Really clear sir, I will get back in the queue.

Moderator: Our next question comes from the line of Miloni Mehta with Monarch Network Capital Limited.

Miloni Mehta: From overall, all of Emerging Verticals now contribute the highest share. Exactly in which vertical do you see biggest opportunity over the next 3 years?

Aditya Krishna: Miloni, can you repeat the question because the earlier part, I lost it.

Miloni Mehta: Vertical-wise, sir, where do you see the biggest opportunity over the next 3 years?

Aditya Krishna: In Emerging Verticals because it comprises high-tech and telecom. And we are seeing a lot of money being spent on high-tech space. So I see a lot of growth in emerging verticals, followed by BFS.

Moderator: **Miloni** does that answer your question?

Miloni Mehta: Yes, okay. Thank you.

Moderator: Our next question is from the line of Vikas Shrivastava with RBC.

- Vikas Shrivastava:** My first question, Aditya, was on the pipeline. Would you give a little more color to it in terms of, I'm sure you track pipelines and even if you can give me multiples of X that how was it a year back and a few quarters back, how is it now in terms of the pipeline? And which again, I'm assuming that the pipeline is the strongest in Emerging verticals. A little more flavor on pipelines in terms of relative multiples as compared to what it was a year back or a few quarters back.
- Aditya Krishna:** Vikas, the pipeline that we have today is in the region of USD 25 million. It's the highest we have ever had. So we've got some large deals which are happening, which we never got invited to before. So we never had a seat on the table. We now have not only a seat on the table, but an opportunity to win these deals.
- Now will we win them is one question. Secondly, will the customer defer decision, make decisions? That's the big question. Now those are things which we, especially the decision-making, we can't control. If you ask me where is the big -- in which sector is the biggest pipeline, it's pretty much all over. I would say the sector where it is least is in the Commerce space.
- Vikas Shrivastava:** Yes. Aditya, my question more was where was this 25 million 6 months back or a year back?
- Aditya Krishna:** I would have said, I would say 6 months ago, we would have been with a pipeline of USD 5 million.
- Vikas Shrivastava:** Okay. That's very helpful...
- Aditya Krishna:** So significant improvement and a lot to do with the new leader we have hired in the U.S., a lot of credit goes to him. But this is pipeline. What matters finally is what comes out of the pipeline. So that's really where the focus is.
- Vikas Shrivastava:** Absolutely, considering that decision-making is not happening, at least a 25 million pipeline is better than a 5 million pipeline.
- Aditya Krishna:** Yes. And larger contracts, we have 6 big bets that we are focusing on. A lot of pipeline is because of those 6 big bets. All our client partners are going to our customers with those 6 big bets. Now every customer is not interested in all 6, but even if interested in 1 or 2, it helps build the pipeline. So a lot of conversations happening, a lot of proposals going out there. We are hopeful as of now.
- Vikas Shrivastav:** Got it. Also based on the U.S. resource, is there any plan to hire any more senior people in the coming year in terms of more investments in that area other than AI?
- Aditya Krishna:** Yes. So we have a leader who is our Chief Growth Officer in the U.S. He joined us, I would say, now 10 months ago or 9 months ago. And we have a Chief Growth Officer for U.K. and Europe joining us end of June. That's the big investment that we are seeing in the front end. Now he will and I give a lot of credit to our Chief Growth Officer in the Americas, which has resulted in this pipeline improvement. Now if that same thing translates into the U.K., Europe, I think we will be in a stronger position going forward than we have been historically.

Vikas Shrivastava: Aditya, what about in terms of billing, right, for project paid or person-based billing, what is the trend in terms of outcome-based billing? I'm assuming going with time, it will be more outcome-based billing. What are the trends? What percentages? Are we, whatever little you can share in terms of movement from outcome from project-based billing now to outcome-based billing?

Aditya Krishna: We are pushing very hard to convert as much as we can to outcome-based, Vikas. We still have, I would say, a significant majority in time and material. Outcome-based today would be I would say, maybe about 10% only. And the rest is all time and material because historically, that is how this industry has grown and evolved, and that has been the traditional model.

Now we are pushing customers, especially with the advent of AI to move towards outcome-based, and that's really where our big opportunity is because being a smaller company, lower overheads, more nimble, we are able to bring much more value to the table to a customer who has a competitor who's bigger than us.

So we are going in and saying, look, we will consolidate all your vendors with us, and we will give you a 30% saving. Now how are we going to do that? We're going to do it if it's outcome-based. And we're going to replace a traditional 10-member team with a combination of humans and agents. And that is the game that is gaining a lot of traction today. So, the composition of the team at which, how we will deliver and the structure of the team is changing.

Vikas Shrivastava: Is it changing fast? Where would you see it in 2030, Aditya?

Aditya Krishna: Okay. The big variable is the cost of AI. Now, today, the cost of AI people are ignoring, but there is already talk that AI costs more than humans. Now I don't know how that will play out. I'm assuming that with the usage of AI, cost of AI will come down.

If that happens, I will say you would have 50-50 in 2030, 50% humans, 50% agents. I mean maybe this is Star Trek, Vikas, but that is what I really think will happen, and I really hope will happen because it will level the playing field. The big guys will not have any advantage anymore because an agent at Saksoft will work as hard and as capable as an agent at a Tier 1.

Vikas Shrivastava: Okay. My next question, Aditya, is on, in terms of, for a layman to understand, in terms of repeatable in terms of our investment in technology, and is my understanding right and AI going forward, there will be a lot of. you have the IP, you have the ability, you have the agents. And it's repeatable work. You do the same work again and again and again with agents. And don't you think, while there may be immediate pressures on your margins or slight compression, should the margins not be going up, the trend not be going up over the next 2, 3, 4 years?

Aditya Krishna: For sure, margins will go up with AI because agents don't want pay increases. They don't want, they don't have HR issues. They don't have transportation costs, etcetera, etcetera. So margins will definitely go up. Employee costs will come down. So you will have a model which is not traditionally linear to revenue. So headcount to revenue being linear will disappear. So there will be no difference between a product company and a services company.

Vikas Shrivastava: I was, that is what I was alluding to.

Aditya Krishna: Well, I would say no difference, but we will not have IP. A product company will have IP. We will not have, see, there is already a customer of ours who is saying, I don't like SaaS, I don't like cloud. I want on-prem and I want to move away from SaaS. They spend \$50 million a year on SaaS.

So they're saying we want to cut that to \$25 million. Now that's where our opportunity is because we go in and say, look, what you're doing with SaaS, we will build an application for you. We will consolidate for you, and they will make it on-prem. So their cloud costs come down, the SaaS cost, because SaaS is expensive. Everybody wants to cut costs.

Now how are you going to cut costs? You have to get rid of SaaS, you have to get rid of cloud. The big googly is what will AI do to your cost? If it's going to increase your cost, you're in big trouble. But the bet right now is that AI will not be that expensive as SaaS and cloud.

Vikas Shrivastava: Okay. Also, taking everything into consideration, the uncertain environment, the decision-making delay, how is this year looking if you had to give us a range, the investors a range of growth of top line? If you could give us some range of growth, is it going to be flat year-on-year again or the next 2 quarters?

Or are we looking at say, a 15% to 20% kind of growth this year, what would be your and I know it's very uncertain and very stargazing to some extent, but do you have any estimate as to what are we looking at, what or if you have, you surely have a better idea in terms of are we doing 10% to 15%, 15% to 20%, what are we looking at? Leave inorganic aside for the time being?

Aditya Krishna: We are shooting for 30% growth. Now will 30% happen? It's going to be a tough call. So historically, last couple of years, we've done 14%, 15%. I'll put my money more on that than on the 30%. But we never know Vikas. We need a few good breaks. We need a little bit of luck on our side, and we might hit that number.

Vikas Shrivastava: Can we safely therefore say...?

Moderator: Sorry to interrupt, Vikas. We request you to please re-join the queue if you have any further questions. Our next question comes from the line of Piyush, an Individual Investor.

Piyush: My first question would be regarding the investments that would be required to achieve Vision 2030 target of \$500 million revenue.

Niraj Kumar: Sorry, the question was not clear, if you can repeat it, please.

Piyush: Question is what investments that would be required to achieve the Vision 2030 target of \$500 million revenue?

Aditya Krishna: When you say investment, Tech services is a people plus technology game. So as to build revenue, you need to invest in technology, and you need to invest in people. And because of the nature of the industry, we have enough cash generation, which will allow investment. So there

is really no significant capex, which will be required to get us to the number of \$500 million by 2030.

Piyush: Okay. And secondly, sir, you had mentioned increasing AI-related customer discussions. So when do you expect the AI-led revenues to become material for the business?

Aditya Krishna: This concept of AI-led revenue being material or being sort of reported separately is a little bit of a misnomer in my opinion, Piyush, because all the work that we are doing today has an AI component, whether it is application development, whether it is legacy modernization, whether it is quality assurance, whether it's infrastructure, everything has got an AI component. It's very difficult to break out only the AI component and report it as revenue. So, if it's got an AI component, almost all our revenues are AI-enabled.

Piyush: Got it sir. That's it from my side.

Moderator: Our next question is from the line of Zikriyar, an Individual Investor.

Zikriyar: My question is, as previously mentioned, the large portion of the revenue towards that \$500 million would come from the existing accounts. I would like to know what steps we are taking to expand the market share within the existing accounts.

Aditya Krishna: All effort that we are doing from a sales perspective, from a client management perspective, is on building wallet shares. In our top 20 accounts, we have enough runway to get to \$500 million. So even if we were to get no new logo, we could achieve that \$500 million just by increasing wallet share in these 20 accounts. That's how big the tech spending of these 20 accounts is. Now at this point, we are a small portion of the wallet share.

And the goal is to increase that. Now how are we doing that? Regular meetings, regular quarterly business reviews, mapping stakeholders, outside IT, vendor consolidation, all those are efforts that we are taking to get to a higher wallet share. Every client partner of ours who's working with one of our customers or 2 of our customers, his only job is to increase wallet share.

Zikriyar: Thank you. Is there any direction guidance in terms of bottom-line margin numbers for the next year?

Aditya Krishna: No guidance on that.

Zikriyar: Okay. And with respect to the AI integration strategy, how is it helping in terms of converting it into revenue? Are there any significant deals that have been enabled through the AI strategy?

Aditya Krishna: All work that we are doing, all proposals that we are giving to prospects as well as customers, is AI enabled. There is an element of AI in everything that we are doing, whether it is our in-house support functions, whether it is application development, legacy modernization, quality assurance, everything has got an AI component. So, it's now very difficult to say is there an AI element of revenue? It's like it's an enabler. It's a must-have. You have to have AI to be able to be relevant to your customers today.

Zikriyar: Thank you, Appreciate.

- Moderator:** Our next question comes from the line of Jeet Shah, an individual investor.
- Jeet Shah:** Hello, am I audible?
- Moderator:** You are audible, sir. You may proceed.
- Jeet Shah:** So my first question is, our 58% of revenue is coming from 10 clients only. So do we think there is a need to diversify?
- Aditya Krishna:** I don't think there's any need to diversify because growth will come from these accounts. And our strategy is to deepen relationships with 20 accounts. So now if that ratio is maintained, I don't think we need to worry about client concentration. I think what we need to worry about is that if you are too small with any of these clients, we will lose relevance and we might get consolidated out. So I would rather increase wallet share than have such a low wallet share in multiple accounts that we have a chance of getting consolidated out.
- Jeet Shah:** Okay. So in last year, we had 14.10% of revenue growth. And this growth is received from new customers or existing customers, or it is just due to rupee depreciation.
- Aditya Krishna:** 95% to 98% is from existing customers, the growth. And that trend will continue, and that is the focus. Again, I'm saying the focus is to grow wallet share of our top 20 customers.
- Jeet Shah:** Okay. So how much growth is from, what we can say, rupee depreciation?
- Aditya Krishna:** Rupee appreciation? no, rupee depreciation, right? So out of 14%, 3% you can take as currency.
- Jeet Shah:** Okay. And remaining is from our existing clients and that is due to increase in service, or it is just from increase in pricing?
- Aditya Krishna:** No, no increase in pricing, increasing volume with these customers.
- Jeet Shah:** Okay, understood.
- Moderator:** Our next question is from the line of Sahil Sanghvi.
- Sahil Sanghvi:** So I see we've added new \$1 million customers. So what is the target for large customer additions in FY27? That's the first question. And a follow-up would be what percentage of future growth do you expect to come from existing clients versus new client additions?
- Aditya Krishna:** This is the third time I'm answering the same question. 95% to 98% of our growth will come from existing customers. So our top 20 customers, our focus is to keep all our growth from these 20 customers as much as possible, deepen relationships, increase wallet share with these 20 customers. So we're not looking for new logos. We are looking for increased wallet share with our top 20 customers. Our top 20 customers give us about 70% of our revenue, okay? We would like that to increase or remain at that same level as we grow top line.

Sahil Sanghvi: Got it. Thank you and all the best.

Moderator: Our next question is from Bharat Gulati with Dalal & Broacha.

Bharat Gulati: Just wanted to reiterate on an earlier question that was asked, which you answered that there is going to be no more headcount model going forward. So I see that that's already started to somewhat transpire this year with headcount being de-grown by 5% and utilizations also being lower. So do we somewhat see this trend continue where headcount should continue to trend downwards? And should we expect utilizations to sort of move up significantly, probably touch that 90% mark? Just trying to get your thoughts on that.

Aditya Krishna: I don't think utilization will go anything above 85%, unless you start including agents in utilization because agents will now be 100% utilized, okay? So that's the big question which I have for you. And I don't know what the answer is. But if you have humans and agents, agents are 100% utilized. So humans might be less.

So overall, you might increase. Now assuming that we don't change the way utilization is measured, I think 85% is probably the cap because you will always need some people on the bench for projects to start. You'll always need some people on the bench to build agents which you need to deploy, which are not necessarily being paid for by the customer. So there will always be a 15% so-called bench. So I would say 85%, Bharat is probably the highest number that we can probably aim for.

Bharat Gulati: Got it. And just, sir, on the employee count trajectory, technical employees are down roughly 4.5% this year. Do we see this trend continue to go forward?

Aditya Krishna: Yes. Like I mentioned, we are trying to push all our customers towards outcome-based delivery. So rather than T&M, time and material, which was the traditional way of doing work. And to be honest, some customers are still resisting moving away from the traditional model. And finally, the customer is right, right?

You have to do what the customer wants. So while we will try and push him towards outcome-based, if he wants a T&M model, we'll give it to him. So there will be increase in headcount. It will not be proportionate to revenue growth. That's the expectation because of AI, because of the use of human and agents.

Now it depends a lot on adoption where we are seeing a lot of challenges because customers are talking but not making decisions, not adopting. So a lot of uncertainty. But if you ask me, if adoption happens, if the cost of AI is manageable, I will say headcount will no longer be linear to revenue growth.

Bharat Gulati: Got it. Got it. And just trying to understand, sir, that in terms of when you speak about us replacing SaaS and IT services kind of just bypassing the SaaS and cloud layer, how are we stacked up in terms of capabilities of our employees? I remember last con-call also, you said that if you're worried about something, it's about the sort of capabilities and the sort of manpower

that I can bring on in terms of AI capabilities. So just to double down on that, how do you see that going forward?

Aditya Krishna: Good question, Bharat. In fact, we are doing a lot of work in scaling up our developers and project managers, project leads in AI on which LLM to use, multiple LLMs, customer LLMs, etcetera. So we are investing in their training. We're investing in their building their capability because that's the future.

They need to be able to use AI effectively in every aspect of the software development life cycle. And once that starts happening, you will see tremendous improvement, assuming, of course, adoption by customers and moving away from the traditional T&M model.

Bharat Gulati: Got it. Got it. And just one last question. The growth that you've spoken about that we are moon shooting for 30%, but 14%, 15% should be achievable. This is you're having this confidence because of the kind of dollar appreciation, rupee depreciation that has also played out during the year. That would be fair to say, right?

Aditya Krishna: Honestly, unlike other industries, we would love the rupee to keep depreciating. But I think 14%, 15% given where we are on the pipeline should be the bare minimum we should achieve. We are aiming for 30%. We should be able to get at 15%, even assuming that the rupee appreciates a little bit.

Bharat Gulati: Got it. Got it sir, really clear. Thank you and all the best for the future.

Moderator: Our next question comes from the line of Amit Jain with Monarch Network Capital Limited.

Amit Jain: So just a couple of questions, Aditya. So if I heard you right, you mentioned that Saksoft is now better placed than a Tier 1 company. Just want to understand more on that. And secondly, about our target customer growth. So we are targeting a particular customer of \$100 million to \$3 billion, if I remember correctly. Now, so this deferment in decision-making, I mean it is more pervasive in this customer group or just all across the customer group?

Aditya Krishna: I think the delay in decision-making is pretty much all over because of the noise around AI. Customers don't know how AI is impacting future costs, how AI will impact the way their supplier is delivering services. They're worried about security. They're worried about guardrails. So they're just deferring decision-making because it's the best, it's the easiest thing to do.

If you're not sure, you say, okay, I'll make the decision a little later. So I think that's pretty much across the industry. Having said that, customers have to make decisions if they have to run their shop. So enterprises, which are mission-critical applications, they have to make decisions. If a renewal is coming up, they have to make a decision.

So it's not that decision-making is 0. It's just that some projects are getting it, the decision-making is getting delayed. That's number 1. Number 2, why a company like ours has an advantage because of AI vis-a-vis a Tier 1. Take the case of a customer that is looking to build a new application.

In the old days, they would have a minimum criteria. To qualify for this, you need to have 10,000 people, you need to have INR 5,000 crores of revenue, etcetera. Those days are gone. Today, they are willing to talk to a company which has robust processes, robust accelerators and can deliver faster and more effectively using either AI accelerators, AI agents, etcetera. Because if they make a mistake, correcting the mistake doesn't require as much time as in the past, where you only saw results after 3 or 4 years when it was too late.

So because of agile, because of AI, because of accelerators, the game has changed. And that's why nimble companies for the first time have more of a level playing field than the larger companies. And that's why you're seeing it also. You're seeing the Tier 1s struggling to grow and maintain market share.

Amit Jain:

And I think secondly, in terms of capabilities, although you have mentioned to the previous participant, but still want to understand more on that. So when we say we are now trying to gain wallet share of the customers, so if we have to expand our service or strengthen our service offering because a few of the service offerings will get impacted like testing, quality assurance, maybe that will get more impacted from AI. So what are we doing to in that, although you have mentioned it, but if you can just briefly once again rephrase that part?

Aditya Krishna:

Yes. Being a smaller company, Tier 1 would have all capability in-house. A company like us will not have all capability in-house. We will reach out to partners. So for certain capability, which we don't have in-house, we will use partners. But the front will be us. We will do program management. We will do the project management.

We will make sure that all the critical work is done by us. We have customer-facing people. And some parts, we will use partners for. It's more flexible and a better model than having everything in-house. Look at it this way, our customer is outsourcing his work. If I can be more efficient by using the best supplier for a particular skill, why do I need to build it in-house?

Amit Jain:

And one thing, Aditya, maybe not now, maybe 3 years, 4 years down the line, are we seeing, because we are all, aren't creating a monster, which can take you, which can replace you? Do you see that threat maybe not now, maybe 5 years, 6 years down the line because you are strengthening, you're empowering the customer and maybe those agents will now take that place of yours. I'm just sorry, maybe I was tracking too much, but just some kind of risk do you foresee maybe 4, 5 years down the line?

Aditya Krishna:

So to play that out, Amit, what do you mean? If a customer uses AI, what might happen?

Amit Jain:

No, I'm just saying because we are empowering customers. Those customers can have own in-house things with them because basically, what is happening in the industry that there is a fight now. Now you mentioned about the vendor consolidation happening out. So earlier customers were engaging with 4, 5 vendors, now maybe 2 or 3 vendors.

And gradually over and now, some customers will have their own in-house things and maybe they will not require a vendor like Saksoft or any other IT service, maybe, or even if they require the contribution or billing would come squeezed down. So do you see any risk playing out maybe after 4, 5 years?

Aditya Krishna: This industry is, at the end of it, it's a cost arbitrage industry, right? The cost of a developer in India is less than the cost of a developer in America. I'm taking that as a general example, right? Is that going to change? Maybe the gap will become narrower, but is it going to change?

Unlikely. Now you bring AI into the mix, nothing will change. It's just the number of developers that humans that you need will change, the number of agents that you need will change. But the cost arbitrage will stay the same. I don't think that's going to change.

If you were to ask me that question in the context of GCCs, are you worried about GCCs? I would say yes, because customers are opening GCCs and doing some of their work in-house, okay? Now is the cost of the GCC the same as the cost of a company like Saksoft? Definitely not. We are more nimble.

We are more specialized. We are more efficient than GCC. And eventually, GCCs, the big question is, are they relevant for a \$100 million to \$3 billion company? Or are they more relevant for a Fortune 100 or Fortune 500 company? And the answer is very clear. If you're a big, big organization, GCCs make sense. Mid-tier, the jury is still out.

Amit Jain: And lastly...

Moderator: Sorry to interrupt sir, we request you to please re-join the queue if you have further questions, please. Our next question comes from the line of Rohit with Ithought PMS.

Rohit: Hi, Good afternoon Aditya. So a few questions. So one was you mentioned earlier that the pipeline is probably at the highest level, it has grown 5x. So what is driving this, I'm assuming this is with existing clients as well. So what is driving this increase in pipeline? And you also mentioned that we need to be on the right side of the consolidation. So if you can share some examples where we've been on the right side. So this was the first question.

Aditya Krishna: The only thing that's driving it is concerted sales effort and leadership and on-site client partners. If I look back at the history, we achieved INR 1,000 crores this year after 25 years. If I look at our history of 25 years, the biggest challenge has been talent. One, you can't attract talent when you're a small company. Second, you can't afford talent.

As we scale, we've been able to afford and attract talent. And that is what is resulting in better concerted sales effort, which was missing 2, 3 years ago at the same time. So that is the reason why the pipeline has improved. It's not because of anything else other than effort and people on the ground. Now in terms of vendor consolidation, we go to our customers and 95% to 98% of this pipeline is existing customers.

So we go to our existing customers and say, okay, we know you have x number of suppliers. Let us consolidate with us, and we'll give you a 25% to 30% price cut or a cost reduction. Customers will listen. A customer might say, look, I don't want to do all consolidation, but I want to consolidate QA. I want to consolidate infrastructure. I want to consolidate data. So that's how this pipeline is being built. And it's all because of continued and intensive interactions with our existing customers, which over the years was missing.

Rohit: Got it. And you mentioned on just the previous question that the business is predicated on the fact that there is a labor arbitrage, cost arbitrage between the cost of developer in India versus the Western world. I mean, of course, with AI, you mentioned that, that arbitrage will not go away.

But the impact of that arbitrage, do you think will be still high because in effect, the cost of AI is going to be similar for everybody. Of course, right now, the cost of AI is high given, I guess, the issues around adoption, etcetera, and all those things. But if you were to look at maybe 3, 4 years out, does that foundation on which the entire industry was built, does that change? And will that be an impact for our industry?

Aditya Krishna: So think of it this way. 5 years from now, a developer in California will be more expensive or less expensive than a developer in Chennai. I don't know the answer, but my guess is California will be more expensive.

Rohit: No, sure. Of course, that gap will remain, but I'm just saying that because previously, you could easily get lot of the work, at least the expectation is that AI can do and agents can do. Of course, as you said earlier, the cost is, of course, that is also now getting relatively high. So it's going to be interesting to see how this evolves. But, you could have 20,000 engineers sitting in India and do that work versus now maybe you don't need that. And the incremental benefit is what I was trying to get to. I don't know if I frame my question correctly or...

Aditya Krishna: No, I understand what you're saying. I think it will be a J curve. What is the J curve? The J curve is that with AI, you will see a drop in margins, you will see maybe a cannibalization of revenues. But it will go up once AI stabilizes.

And that's why AI will impact low-end work the most first. For example, testing is the first that will get impacted maybe 40%, 50%. But now you have to re-purpose. A testing engineer will now become a forward deployment engineer. He will become an AI assurance engineer.

So work on AI assurance on forward deployment, for example, prompt engineering. Every time you use a prompt in an LLM, it costs you tokens. Now if you get your answer with 1 prompt, you will spend less token money than if you get it with 5 prompts. So prompt engineering is going to gain traction. So, at the end of it, can an AI bot do the prompting?

Unlikely, okay? Then somebody will say, okay, the AI bot is actually increasing token cost. So you will need humans for sure. Only thing is they will have to be re-purposed. And that is the biggest challenge today. Things are moving so fast that not only do we have to retrain, rescale our people, we have to re-purpose them like testing assurance engineers becoming forward deployment engineers or AI assurance engineers.

Rohit: Got it. And just one last question.

Moderator: Sorry to interrupt you. We request you to please return to the queue if you have any further questions. Our next question comes from the line of Zikriyar, an Individual Investor.

- Zikriyar:** I just wanted to know on the Zetechno and Ceptes acquisitions, how is it coming along? And any revenue projections from...
- Aditya Krishna:** Sorry, we can't hear you at all.
- Zikriyar:** Am I audible now?
- Aditya Krishna:** Yes.
- Zikriyar:** Just wanted to know about the Zetechno and Ceptes acquisitions, how is it coming along? And any revenue projections from these acquisitions?
- Niraj Kumar:** These acquisitions, which we did in '24, '25, they have been doing pretty well. And some of the growth which you have seen in the current year is also on account of the revenue which has been generated from those acquisitions. As you are aware, they were predominantly around capability from both Salesforce and ServiceNow.
- And we have seen significant growth in our existing customers with this capability, and we believe that this will continue to grow. If you're looking at the number, I think it's all organic, which has got mixed with the existing set of revenues and the growth which we were expecting for the coming year will be included as a part of the contribution from these acquisitions.
- Moderator:** Our next question is from the line of Amit Jain from Monarch Network Capital Limited.
- Amit Jain:** I just want to complete that part. So you were mentioning about the customer group. I think if I understand correctly, I think we are in the sweet spot, and we don't need to move or graduate from that customer group. Am I right in that understanding?
- Aditya Krishna:** I don't understand what you mean, Amit.
- Amit Jain:** No, no. I think where we left, you're mentioning about the customer growth where we are targeting of 100 million to 3 billion. So when we are going to increase our pipeline, so I am just assuming that our focus remains on that customer group only because I think there you don't have that kind of risk that they will be having their own GCC or having their own in-house thing. So probably it doesn't make sense for that. So, are we remain focusing on that customer group? That was my question.
- Aditya Krishna:** Yes, yes. So that's the segment we are focused on \$100 million to \$3 billion. It's more towards the \$750 million to \$1 billion range that we end up with. And you're right, they are more ROI driven. They're more -- or they're less likely to have GCCs. And even if they do, they have very small GCCs and they struggle with it because they just don't have the scale. So we have a better position. And also, the Tier 1s or the Tier 2s will never be able to give them the attention that we can.
- Amit Jain:** Right, that's it. Thank you.

- Moderator:** The next question is from the line of Rohit from IthoughtPMS.
- Rohit:** Just one follow-up on the numbers. So if I look at the other expenses, they have come down Y-o-Y and sequentially also we are at INR 10 crores, INR 12 crores number, which used to be around INR 20 crores same quarter last year. So, I mean, what is the reason for this? Because we've been talking about hiring more people and on sales cost trying to go up, etcetera. So in the context of that, this number seems a bit low. So I just want to understand this.
- Niraj Kumar:** Can you just confirm which line item? I know you're looking at the other expenses line. And are you comparing year-on-year or quarter-on-quarter?
- Rohit:** So, I was saying that last year, same quarter, we were at INR 20-odd crores. This quarter, we are at INR 12 crores. And last quarter, Q3, we are at around INR9 crores. So the commentary has been that we are going to spend a bit more and the margins would get impacted. Of course, we did say again this year, I mean, for the forthcoming year. But, I mean, just on this point, the cost seems to have come down significantly. So what is the reason for this? And is it sustainable?
- Niraj Kumar:** Yes. So I think these other expenses is a line which sometimes includes provisions. Last year, we had one of the customers which had gone bust in the last quarter of the financial year, and there was a provision for bad debts, which were made. In this year, we have had no such provisions, no significant such provisions. So that's one major impact which we have seen for the reduction.
- What you are seeing at the current level on an annualized basis seems to be more of a run rate which should continue, give or take some bit of any incremental travel which might happen or some additional fees around it. But the biggest difference was last year for a provision for a customer who had gone bust in the U.S.
- Rohit:** Okay. Okay. Got it. And in general, from a marketing and sales expenses point of view, like what is the cost now in FY26? And how do you see that going in FY27 broadly?
- Niraj Kumar:** Like we said, our EBITDA margins are around 17%, 18%. And our expectation is it will be around the same level. All the investments which we are making, whether in AI and in others, they're all coming through the resources in terms of the labor cost, which gets captured under the employee costs. There is nothing especially significant from a marketing cost perspective other than always investing on front-end sales and feet on the ground in both the U.S. and the UK market.
- Moderator:** Ladies and gentlemen, that will be our last question for today. I would now like to hand the conference over to the management for closing comments.
- Aditya Krishna:** We thank everyone for taking out time to participate in this call and for their interest in Saksoft. I hope we've been able to answer your queries. In case of any other queries, please reach out to us or our Investor Relations Advisors, Valorem Advisors. Thank you, everyone, for joining us.
- Moderator:** Thank you. On behalf of Monarch Network Capital Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.