



“Saksoft Limited Q3 FY-26 Earnings Conference Call”

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MODERATOR: **MR. VINAY MENON – MONARCH NETWORTH CAPITAL LIMITED**

Moderator: Ladies and gentlemen, good day and welcome to Saksoft Limited Q3 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 call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded.

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

Vinay Menon: Thank you. Good afternoon, everyone. 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.

Now I will hand over the call to Aditya sir for his opening remarks. Thank you, sir.

Aditya Krishna: Thank you, Vinay. Hello and good afternoon, everyone. Welcome to our Earnings Call to discuss the performance of the 3rd Quarter and the 9 months of Financial Year '26.

Let me start off by briefing you on the key business highlights for the quarter, after which my colleagues and our COO and CFO – Mr. Niraj Ganeriwal, will brief you on the financials.

The technology services environment today is marked by cautious enterprise spending and longer decision-making cycles, particularly for discretionary projects. At the same time, clients continue to invest in initiatives focused on efficiency improvement, automation, platform modernization and practical adoption of AI, where there is clear business value. Against this backdrop, we delivered a steady performance during the first 9 months of the FY26, supported by healthy year-on-year revenue growth and stable operating margins. Even as near-term demand remains selective, we have continued with our planned investments in strengthening front-end sales capabilities and senior leadership. These investments are aligned with our long-term strategy of positioning the company as an AI-led digital transformation partner and building scale in the business. We remain confident of progressing steadily towards our vision 2030 goal of achieving US\$ 500 million in revenues.

From an operational standpoint, we made good progress across our verticals during the quarter. In the logistics segment, we secured a multi-year digital transformation engagement with a leading U.S.-based carrier focused on enterprise modernization, AI adoption and cost optimization. In the commerce vertical, we partnered with a leading technology distributor to establish a joint AI innovation lab, enabling AI-driven initiatives across sales, IT and finance functions with a clear path from pilot programs to scaled implementation. In our emerging verticals, we have started working with a leading telecom operator in the European region to

deliver quality and process maturity transformation program across core operations. These engagements reinforce our role as a trusted long-term technology partner for our clients and give us confidence in our ability to grow wallet share as technology spending conditions gradually improve.

While Niraj will update on the operational metrics and the financial highlights for the 3rd Quarter and 9 months ended FY26, let me apprise you of what gives us the confidence and clarity that we are steadily progressing towards our 2030 goal of US\$500 million. We mentioned now and in the past that we are expanding our long-term outcome-driven digital partnerships, expanding wallet share and building annuity-led revenue streams through AI-enabled engineering platform modernization and managed operations. For us to do so, we have identified certain strategic long-term growth driver bases which our annuitized revenues would multiply and margins would improve. Some of these growth drivers are scaling AI-led engineering, data operations and intelligent operations, expanding the managed services and platform-led delivery models, investing in agentic AI and industry accelerators, and lastly, increasing multi-year engagements and vendor consolidation wins. The long-term and perpetual benefits of these will be felt in the years to come.

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

Niraj Kumar:

Thank you, Aditya, and thank you, everyone, for taking the time and joining our Earnings Call today to discuss the Results of the 3rd Quarter and the 9 months of the Financial Year 2026 under review.

For the 3rd Quarter of Financial Year '26, revenues reported at around INR 250 crores, representing a growth of around 11% year-on-year. The EBITDA stood at INR 45 crores, which grew by around 19% year-on-year, with the EBITDA margins of 18.1%. On a sequential basis, revenues declined sequentially by around 3%, primarily due to a temporary slowdown in spending from two of our large customers. This was driven by timing and reprioritization of budgets rather than any project cancellations, and our engagement levels with these customers remain unchanged. Margins were impacted due to revenue softness during the quarter, along with the continued investments in growth initiatives, more feet on the ground in our key geographies of the U.S. and U.K., and capability building for the future.

The net profit for the quarter stood at around INR 29 crores, which grew by 7% year-on-year, whilst the PAT margins stood at 11.57%. The net profit for the quarter is after making a one-time exceptional provision of INR 4.86 crores towards the new labor code requirements. For the 9 months ended of the Financial Year '26, the operating revenues were reported at around INR 758 crores, representing a growth of nearly 18% year-on-year. The EBITDA stood at INR 142 crores, which grew by nearly 29% year-on-year, with the EBITDA margins being at 18.7%. The net profit was at INR 97 crores, which grew 24% year-on-year, with the profit after tax margins at 12.8%.

Now coming to the revenue split by geography for the 9 months period:

The Americas contributed 50% of our total revenues, whereas Europe contributed 29%, and the remaining 21% came from Asia Pacific and other regions. For the current 9 months period under review, we have remapped our customer locations based on the global location of the master service agreements with the respective customers. The onsite revenue mix was 44%, and offshore is at 56%. The revenue split across verticals remained diversified. The BFS contributed 31%, the emerging verticals around 47%, logistics around 14%, and commerce around 8% of our total revenues.

Now coming to some of our customer metrics:

We have around 16 customers of US\$1 million plus in revenues. The total employee count at the end of the quarter stood at 2,673, out of which 2,454 were technical, with the utilization level of the employees excluding trainees being at 83% for the Quarter 3 FY26.

This 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 Anand Bhaskaran from Ksema Wealth Private Limited. Please go ahead.

Anand Bhaskaran: Good afternoon. Congratulations for the numbers. My question is for the FY26 and FY27. Where do you see the segment revenue going forward for this current financial year and the next financial year as well? Where would be BFSI, Logistics Emerging and Commerce as a share of revenue would be?

Aditya Krishna: We would expect it to be approximately at the same level as it is today. Only thing to note is BFSI is not our focus area. It's BFS. There's no "I". So, we are not focused on the insurance sector.

Anand Bhaskaran: So, you are saying that for the next 2 years or so, where it is now today, the revenue diversification would be around the same level as today?

Aditya Krishna: Yes. Our mix would remain about the same.

Anand Bhaskaran: I will join back to the queue if I have any questions. Thank you.

Moderator: Thank you. Our next question comes from the line of Jyoti Singh from Arihant Capital Markets Limited. Please go ahead.

Jyoti Singh: Thank you for the opportunity. I just wanted to understand that our top 10 client contribution of 58% of revenue. So, like how much of the recent slowdown was in the top two clients and what are our plans on the client dependency? And are we seeing any early sign of spending recovery from large clients and how is the feedback on that side? And another thing, how strong is the deal wins for the calendar year '26 and what percentage is AI and digital transformation led?

Aditya Krishna:

The disappointment in our Quarter 3 results, we have had 20 quarters of quarter-on-quarter growth. So, after 20 quarters, this was our first quarter of 3% decline versus the previous quarter. So, Quarter 3 was 3% lower in revenues versus Quarter 2. And it was primarily because there was deferment of spending by two of our top customers. Now, this is the biggest challenge as you scale up because the focus is on growing revenues. It doesn't matter where it comes from. So, even if our top customer gives us more revenues, we are going to take the revenue and not worry about increasing client concentration. So, this problem will over time disappear as the business scales. It's not something that we can eliminate in the short term. Now, having said that, both the clients have started to spend or the spending is recovering. So, it was just a temporary blip and we are very hopeful that over the next few months, this will correct. Now, in terms of deal wins, we are participating in many more large deals than I would say 12 months ago. We are being invited to many more RFPs. We are being invited to many more larger opportunities, some of them around AI, some of them around vendor consolidation. And not only is our maturity on responding to these large deals improving, but our win ratio is also improving. I cannot give you the win ratio as of today because the numbers are still small, but from 12 months ago, the traction on larger deals responses by us has increased considerably.

Jyoti Singh:

Great. And also, I wanted to understand on the margin side, like are we expecting going forward will be report to 19%-20% as this quarter, like you mentioned, consistent performance but blip in this quarter. So, what are our expectations on the margin front?

Aditya Krishna:

Year-to-date EBITDA margin is 18.7%, this quarter was 18.1%, previous quarter was 19.6%. So, I would say between 18-20 EBITDA margin is something that we would try and maintain.

Jyoti Singh:

Thank you so much, sir. I will come in the queue.

Moderator:

Thank you. Our next question comes from the line of Bharat Gulati from Dalal & Broacha. Please go ahead.

Bharat Gulati:

Hi, sir. Just a couple of questions on my side. Congrats on the decent set of results also. Just wanted to understand that how is AI getting implemented into our deal wins? Because what I understand in the industry that rather than AI just being used as a tool, now it's getting embedded into deals where it's helping bring in revenue. So, have we started to also build some products or platforms that we license out to clients that are helping us get the same kind of recurring revenues?

Aditya Krishna:

We don't build any products. So, there is no license revenue from any products that we build because we don't have products. But where we use AI is to deliver more efficiency to our clients, both existing customers as well as prospects. So, very simply put, in testing or application development in digital engineering, what could have been done by a 50-member team can now be done by a 30-member team or a 35-member team using AI. And that's what customers expect. So, the software development lifecycle has become more efficient using AI. Now, if we don't use AI, we don't become relevant to the deal or to our customers. So, it's a must-have. It's not a nice-to-have, it's a must-have. So, that's in terms of using AI to deliver the services that we do

to our customers as well as prospects. Now, is there spending on building an agent or using agentic AI, building an agent? I would say most customers are curious, but they are not really spending much on building AI agents because they don't see great value in one agent or two agents. They see value if the entire workflows of the business are made more efficient using AI. So, the entire transformation of work is where we see value and long-term revenue as well as annuity revenue, not in one-off projects to build agents.

Bharat Gulati: Got it. So, can we say that the recent margin improvement is because of the use of AI and our utilizations have gone up or is it that we have started to just win higher contract deals? I mean, what can we attribute to the higher margins in the recent quarters? And also, just how will these margins trend going forward? Will we see an upward trend or is this where they stabilize at the 18% to 20% range?

Aditya Krishna: I will ask Niraj to answer that, please. I will request him.

Niraj Kumar: So, Bharat, in terms of margins, last couple of quarters we have seen a little higher margin. I think there has been a constant question on whether we will be able to maintain this 19%-20% margin. I think this is at a slightly higher end. The steady state would be around 18% or so, considering the investments which we are doing both in a number of areas in terms of capability, feet on the ground and a lot of other avenues. So, I think 18% would be a more realistic margin. The reason for the improvements, yes, when we bring in our frameworks of AI and bring in some efficiencies in the short term, it is definitely helping in adding on margins. Added to it, I think the rupee factor has also been for the year, the rupee has been depreciating significantly. So that has also helped in adding to the margins. But I think from a mid to long term, 18% would be a more realistic margin base to be considered.

Bharat Gulati: Got it. And just one final question. Our road to \$500 million so is that going to be more? Are we going to diversify our revenues and is our top 10 customers revenues going to fall from 58% or are we going to continue to see growing wallet share within them? And just if you can elaborate on how are we going to get to that 500 million mark? Is it going to be through new clients or existing clients increasing wallet share? Also, what kind of an inorganic element will we see in that 500 million vision?

Aditya Krishna: The revenue growth will come from, I would say, 80% to 85% will come from existing customers. And there is enough runway with our top 20 customers to make that happen. We will obviously get new clients. Today we have 16 dollar one million clients. We will definitely add to our client base to get to 4X-4.5X where we are. So, scaling up will not happen with just one customer. It will happen across the board, multiple customers, growth in wallet share and strategy, not an or strategy. But it will be more, I would say more prevalent towards increasing wallet share.

Bharat Gulati: Got it. Thank you.

Moderator: Thank you. Our next question comes from the line of Vikas Srivastava from RBC. Please go ahead.

Vikas Srivastava: Hi. My question more on this 500 million Aditya. Did I hear it right, it's 2030. So, I am saying approximately we are talking about financial year 2030-31. And you also mentioned that it will be 85% organic. So, we are looking at a dollar revenue growth of about to get there in this period with 4.5X. We should be looking at a 26%-27% organic growth year-on-year. My first question was on that, that in terms of our past and how well geared are we? I am sorry, I am repeating this question. I asked this last time. Is it within the realm of possibility or is it just a little ahead of our realistic targets? That was one question. My second question was on the three contracts, given your investor's note, you had mentioned that the initiative and the two new contracts, if you could just without naming the client, throw some light in terms of what these contracts are and what kind of visibility do we have with these three new client/ initiatives? Fourth is there is in the big clients, the top two clients, what I am hearing is that there is no structural change. It is a short-term aberration, which would kind of, we will catch up in the coming months and on EBITDA here that last call, I think you were more on the 17.5. Now you are on 18 to 20. Just a reconfirmation of that.

Aditya Krishna: Let's start with the last one, Vikas. I stand corrected. We will be around 18%.

Vikas Srivastava: Which is a little higher than what we have done, you have promised in the past or you are guided in the past?

Aditya Krishna: That's right. Yes. And coming to the first question of 500 million, it looks an uphill task considering where we are and our historic growth. Now, the way I look at this is at this point, it's aspirational, can we get to 500 million? Now let's say we can't get to 500 million. At least we will hit 400 million. Which is 3.5x-4x where we are today, which is not bad. I am not for a minute saying that we will not aspire to hit 500 million. All the effort will be to hit 500 million. But if it doesn't happen, we will be at least better than where we are today significantly because we are growing 15% to 20% year-on-year. Now, we have learned how to grow 15%-20% organically. If we can tuck in a couple of reasonably sized acquisitions, let's say we tuck in a 300 crores acquisition, 250 crores acquisition, we can really sort of improve the growth rate and historically we have always done these acquisitions through internal accruals and we will continue to do that. So, do we have a strategy? Do I have, have we identified any targets? The answer is no. But opportunities will come and we are ready for them. We have the management bandwidth to evaluate and integrate these companies if it was to happen. So, we are operating on, , multi-channels towards the goal of 500 million. I still remain very hopeful that we will achieve the target. If not 500 million, close to that. What doesn't help us in meeting the target is that the rupee keeps depreciating, but that helps us in other ways in terms of EBITDA targets. So, coming specifically to your questions around the, the three contracts, the first one, which was with a US carrier is, is very interesting because this was a customer of ours who had multiple vendors or multiple suppliers and they floated an RFP to consolidate suppliers. We won that RFP. So, our team size grew from 50 people to over 100. But to win that RFP, we had to give a 20% discount on our rates. Now that is the name of the game. So to get this business and to win

this, we had to give a discount, which we will make up with efficiency over the next 3 years because this is a 3 year contract. And once we are wedded into the customer, the incumbency sort of and we do a good job- there is no reason why we should not be able to renew it after 3 years. The second contract is where we are building an AI innovation lab for one of our new customer. This is also very interesting because the customer is keen to not only build this innovation lab, but also to grow the innovation lab and use it to improve their business workflows in different parts of their business. So, we see this as very sticky and long-term nature. The third one was a telecom operator in Europe where we are doing business transformation from an optimization perspective. That's a new customer. It's a small contract. We hope that depending on the quality of our work, we will be able to increase our revenues there and grow that account. But that's the smallest out of the three.

Vikas Srivastava:

Got it. And the last question was on this, just a reconfirmation that the top three customers was more of a few months or one or two quarters aberration. There's no structural change in terms of consolidation or other reasons why the revenue from those three customers has fallen in this quarter.

Aditya Krishna:

This is just a temporary phenomena. That's how we know it today, Vikas. But we have to also keep in mind that we are continuing to invest because we need to invest to get to 500 million. Now, when I say investment, it's investment in capability, it's investment in senior talent. My biggest challenge, we are now close to a 1000 crores company. The challenge at 100 crores was talent. The challenge at 1000 crores is talent. It's just that quality and degree of talent. If there is one thing that keeps me awake at night, it is talent. Now, talent is becoming very expensive. And that expense comes before revenue. So, there will be some compromise. Unfortunately, being a listed company, we have to live quarter-on-quarter. So, there will be volatility in earnings. There will be volatility in the stock. But if our shareholders believe in the management and they believe in our goal and where we are headed, then we should be okay. I think that's really the bet- people on this call have to understand and appreciate.

Vikas Srivastava:

Thank you for that, Aditya. One small housekeeping request. The investors' presentation is never released with the quarterly result, which keeps us a little, some of the information which you put out in the investors is actually quite relevant to the shareholders. And it's a little bit of a challenge to locate it and get it a few hours later. May I just request, like many other companies, if we can just release both of these together so that then we understand the results a little better and the reasons a little better. That's the practice generally the management commentary and presentation is released almost, or in most cases, together. And I will come back in the queue. Thank you.

Aditya Krishna:

Thanks, Vikas.

Moderator:

Thank you. Our next question comes from the line of Priyam Srivastav from KC Capital. Please go ahead.

Priyam Srivastav: Hi. Thank you so much for the opportunity. So, my question is similar to the margin trajectory. Can you describe how the nature of your work has fundamentally changed over 5-6 years? Because we see the margins have moved from like 13%-14% to 17%-18% now.

Aditya Krishna: Good question. And it's a question which you will find the answer quite interesting. Most tech services companies want to stay away from providing bodies or providing just staff augmentation because that is the lowest end of the value chain. Now, how do you stop doing that? If customers want bodies, can you really say, I can't give you a body and lose the business? So, it's a difficult scenario to overcome. The way we are trying to do it, and we have had, I won't say great success, we had limited success, but we are getting better at it, is to try and push it towards outcomes. And where the customer doesn't interview our resource, the KPI or the yardstick that we have started to measure is, is customer interviewing the resource? If the customer is interviewing the resource, that means we are in the lower end of the value chain. We need to stay in the upper end or move towards the upper end. And that's how we have seen that from the early days, 4-5 years ago, it was predominantly providing bodies. In some, you can call them anyway, you can call it staff augmentation, you can call it consulting, you can call it whatever. But at the end of it, it's bodies. That has now changed to outcome-based projects or outcome-based contracts. Like the AI innovation lab, like the vendor consolidation, like some of the new projects we are winning, and the more and more RFPs that we are responding to, which are around infrastructure, around help desk, service desk, desktop support, etc. So, the texture of our revenue has changed considerably towards outcome in the last, I would say 4-5 years. And our goal is to continue to move in that direction to get to the upper end of the value chain.

Priyam Srivastava: Got it. That helps. Thank you so much. One more question was, when you talk about this FinTech and HealthTech, can you just tell a little bit about what type of clients these are and just some examples, like in some successful projects with them?

Aditya Krishna: There is no HealthTech. We don't have any HealthTech. So, you are confusing us with some other company. So, in FinTech, it is really BFS. So FinTech is a part of BFS. And projects are the same, digital engineering, quality assurance, infrastructure, cloud management, FinOps, CloudOps, DataOps, very similar to any other vertical.

Priyam Srivastava: Got it. That's clear now. Thank you so much. And why don't we work with banks? Is there any specific reason we don't have bank clients much?

Aditya Krishna: Say that again, please. I didn't understand. Can you repeat that question?

Priyam Srivastava: Do we have clients in bank segment as well?

Aditya Krishna: Yes, we have two large banks as customers, one in India, one in Singapore.

Priyam Srivastava: Got it. Thank you so much.

Moderator: Thank you. Our next question comes from the line of Mahima from Alpha Advisors. Please go ahead.

Mahima: Hi, good afternoon, sir. So just wanted to understand, during the quarter we have seen exits, sorry, that one is answered. Just wanted to understand your current stance on inorganic growth. So, are you planning any acquisition?

Aditya Krishna: We are always looking, Mahima, at this point, we don't have any specific target in mind, but we are always open to something that will help us build capability or acquire a significant customer at a reasonable price.

Mahima: Another question is, so during the quarter we have seen a lower other income. So, any reason behind that?

Niraj Kumar: Mahima, this is Niraj. The primary reason for the decline in other income is the exchange factor. Almost 90% of that other income is the dollar rupee or the pound and euro rupee exchange gain. That was quite high in Quarter 2 vis-à-vis what you are seeing in Quarter 3. That's the reason for the decline in the other income.

Mahima: Got it. Thank you.

Moderator: Thank you. Our next question comes from the line of Rohit from Ithought PMS. Please go ahead.

Rohit: Thank you, sir. So just wanted to understand on this, I think you answered this question earlier in some form, but just wanted to understand given the whole AI thing that is happening. So, we are outside and a lot of different things are coming out in terms of the way the code is being written these days and how easy it is and probably in terms of there is a lot of outcome-based stuff that can get more and more a challenge. So, I just wanted to get your sense given you are at the centre of this. So how are you doing this? You said that AI it's almost like table stakes you have to have otherwise you are not even relevant. So, like how are you seeing this from your vantage point in terms of the kind of work that you do in terms of services? Will there be a case that a lot of the work that you are doing will probably get lack of a better word, automated or in-house? I am sorry, I am not able to probably say the right word, but I hope I am able to articulate what I am trying to ask in terms of the kind of cannibalization or the kind of work extinction that can happen for you guys. Is that even something that you are worried about or that is not the case? Sorry for the long-winded question.

Aditya Krishna: We are not worried about it for the simple reason that AI is not a nice to have. It's a must-have. AI has to be prevalent in anything that we do for our customers whether it is application development whether it is testing. If we don't use AI and the improvement in the workflows that AI provides, customers will no longer want to deal with us. So, it's a necessary I would just say that it's like any other maybe there's a new language that has come in to disrupt the existing languages. So, I would just say AI is a hygiene factor. It's no longer a nice thing. It's no longer a buzzword. People talk about it because there is a lot of unknown areas around AI which the

media likes and it's a nice thing to talk about. For example, you would have seen the social media platform called Moltbook, that is an AI, an agent social media platform. So no humans are on it, only agents are on it. Now what is the business model? Don't ask me. I have no idea. All I know is that for our services model AI is a must-have. It's a hygiene factor and it helps us cement our relationship with our customers, make our services more efficient and more cost-effective for our customers.

Rohit: And you mentioned that in terms of the work that you are doing a lot of it is getting transitioned to outcome-based kind of work. Can you give maybe a few examples of what kind of outcomes are these and can you just maybe talk a bit more in terms of how these are priced?

Aditya Krishna: So, for example let's take the case of a customer who has a ticketing system. Now the customer will give us the ticket dump. They will give us, over the last one month they had 10,000 tickets. Now they will classify those tickets into different buckets Level 0, Level 1, Level 2, Level 3 whatever and they expect us to now manage that work for them based on SLAs. So, response time for Level 0 response time for Level 1, Level 2 now whether we use 5 people or we use 50 people that's our problem. So now can we use AI can we use automation can we use a combination of both to deliver it efficiently not only to the customer to meet the SLA but to make margins for us. So that is what I mean by outcome-based.

Rohit: Got it

Aditya Krishna: **You don't seem very happy about it.**

Rohit: No. I do understand it. So, the other question was so we have been talking about this \$500 million and you have been consistently talking about investing in the sales and marketing and I think in the last probably four or five quarters you have hired a few people as well on the senior side. So, on sales and marketing side so can you talk a bit about how has that initiative shaping up and anything that you can call out that is giving you more confidence or there is much more work to be done?

Aditya Krishna: Yes, so our business model let's take one geography our business model let's say in North America, what's our business model how do we go to market. We have our customers and each customer has a client partner now one client partner could be managing either one customer or multiple customers normally it's one or three in rare cases it's four customers. So now that client partner is responsible for growing wallet share with these customers. Now how does he do that he does that by regularly meeting customers and regularly understanding from the customer what their business problems are, problem statements are and how we can use technology to overcome those business problems. The more he meets the more problem statements he is able to unearth. Now as we move up the value chain and I said this earlier move up the value chain from

providing bodies to outcome based selling the client partners also have to change their way of selling, so they have to be mentored, they have to be trained, they have to evolve into now selling outcome-based services rather than bodies, selling bodies was easy. Now some will graduate to be able to sell outcome based some will not. Our first job is to train them, mentor them if they can't do it we have to replace them, so that's an investment. The leader of the client partners is an investment. We have hired a leader in North America we are in the process of hiring somebody in the UK and Europe. Now these two leaders will drive the client partners to grow wallet share with our existing customers. So most of our investment in sales and marketing will come in this form either by client partners or leaders and it's tough not only to identify the right person but also to work with that person to get him to understand the company, it takes time. Transforming from selling bodies to outcome based is a transformation which and it's a journey which you have to go through and we are in the process of doing that. So, it requires both time and money so the investment is happening in that direction. That's on the front-end side. On the capability side investment is also happening because we have six centres of excellence. We have testing, we have data, we have digital engineering, we have salesforce service, now cloud infrastructure and security, six. There we are building accelerators you mentioned about AI. Now I give you this simple answer of AI that AI is a hygiene factor. But how do we now bring AI into application development. Coding is becoming easier - can AI do the coding, yes. But for that we need accelerators, we need frameworks who built that, these centres of excellence built that, that's an investment. So, a lot of people think that tech services doesn't have investment, it's only in office space and laptops. No, the investment is really in people and building capability and that's where we are also spending our money.

Moderator: Thank you. Our next question comes from the line of Vikas Srivastava from RBC please go ahead.

Vikas Srivastava: Hi. On the ROI, on the investment in salespeople, Aditya, we had mentioned that in the last call that we did there was attrition or we let go some salespeople but you had a few recent hires. Just wanted to know, is our experience in terms of who we have hired and in terms of getting traction from them and stability are we a little higher on the curve now, are we in a better position than what we were a month or a quarter or two back? Are we kind of, is there traction and is there more visibility in terms of our people are hiring and their probability of success and settling within our system towards outcome-based selling?

Aditya Krishna: For sure it is better Vikas but just want to just want to clarify a little bit that, the team that got us to 1,000 crores is not necessarily the team that will get us to 5,000 crores. Now some will and some won't, now the challenge is jettisoning or letting go the ones that won't and bringing in the new talent that will get us there and that is not a switch on and off, it has to be done gradually, it has to be done in a nice manner because at the end of it these are people. So, we are on that process we have made some big changes. So far everything seems to be on track. I am happy with the progress and the only thing I would say is I need to accelerate it more which I will do.

Vikas Srivastava: I was actually alluding to the new hires in the last four quarters. I understand the transition and the training in terms of new hires is that experience now been good in the last three- four quarters, are the new incumbent's kind of or have you had some attrition there also? Just some idea there on the new hires and their absorption in the system.

Aditya Krishna: In the in the last two quarters, we have only hired one person in the US geography and so far so good. He is probably on this call also Vikas so he will be listening in.

Vikas Srivastava: Good to hear. Thank you

Moderator: Thank you. Our next question comes from the line of Bharat Gulati from Dalal and Broacha. Please go ahead.

Bharat Gulati: Thank you for the follow up sir. Just wanted to get a clarification on one point, like you mentioned that we won a RFP where the vendor consolidation was taking place where we gave it on a discount of about 20% of our typical price. So going forward as we try to scale up and reach the 500 million mark, I just want to understand we need to get into more larger clients and we need to be cost competitive. So then do we see our margins tapering off or then how do we see us kind of fight off the lower cost in terms of maintaining margins if you can explain how we are going to do that?

Aditya Krishna: There is no question that we might have to buy some contracts. So, if there's an incumbent, we have to go in with strong capability automation, for example we have a AI voice bot, it does any language, it does the work of a call centre. Now we factor that in when we do automation for a prospect or a customer. Now that's an example of how we will drive efficiency, reduce cost and we might have to buy that contract by giving in a lower price and most of these contracts that you buy would be 3-4 year contracts. So over that 3-4 year period we will be able to drive efficiency into the model to make sufficient margin. So yes, on a particular deal we might have to compromise on the margin, we might have to compromise on the price. But we have to look at it from a perspective that if you are not in the game or you are not fighting the game, there is no way you can win. So, it's going to be a little bit of mix and match.

Bharat Gulati: Just to understand that the deal that we just won, does that somewhat impact our near term margin, is that a headwind for us or do we see that those efficiencies will still help us maintain that 18% kind of EBITDA?

Aditya Krishna: First think about it, there are 3,000 people in the company. We are talking about 20% cut in around 50 people. How will it affect margin?

Bharat Gulati: Okay. Thank you.

Moderator: Thank you. Our next is from the line of Anand Bhaskaran from Ksema Wealth Private Limited. Please go ahead.

Anand Bhaskaran: Thank you for the follow up question. I just want to ask about the trade deal with US and Europe. Firstly, just how much the company would gain from these two deals and how will the company gain in specific detail can you mention, what will be the impact of these two deals?

Aditya Krishna: Can you repeat that question please it was very unclear the earlier part of your question?

Anand Bhaskaran: The India's trade deal with the US and Europe as well, so how would impact the company and what sort of way it will impact the company, will be positive, negative, can you explain that in some detail?

Aditya Krishna: Are you talking about the FTA?

Anand Bhaskaran: The FTA deal and the SRA's trade deal with US both.

Aditya Krishna: Honestly, I don't know, I mean why would it affect us. I mean trade is more for goods, right. Services were not under tariffs anyway.

Anand Bhaskaran: What about the FTA deal?

Aditya Krishna: Isn't that the same thing, where was the tariffs with Europe?

Anand Bhaskaran: So, like any of the contracts that you have, there is no benefit or impact that the company would not have at all?

Aditya Krishna: I am trying to think while you are asking me this question where will it affect. In other words I mean is there any work that we have not done with Europe because of tariffs, I don't know I mean services don't normally come under the tariff bracket. But the only thing I would say is, it can only be positive because the fact that there is a deal means that there is a upbeat environment of spending with a partner like India. So, I would say there will be more openness to use Indian suppliers as well as offshoring. I am just thinking aloud whether this will help. Can it hurt us, I don't think it should hurt us. Will it make European companies or European competitors to us more competitive vis-à-vis us, unlikely. So I think it should be positive but honestly, I haven't given it much thought.

Anand Bhaskaran: And my final question is like in which geography would you like focus more in the coming, now currently it is USA with 50%, Europe 29% and APAC is 21%, next let's say FY27-28, would you focus on any specific geographical region or would it be more or less the same?

Aditya Krishna: I would put maximum focus on the US geography, huge market, lots of potential, biggest market for the tech industry. So, if I had Rs. 100 to put, I would put Rs. 95 in the US market, just as an example.

Anand Bhaskaran: Thank you so much.

Moderator: Thank you. Our next question comes from the line of Akshat Rohatgi from Rational Equity Partners LLP. Please go ahead

Akshat Rohatgi: Hi good afternoon. We have been proud shareholders for Saksoft for the last 6 months, so congratulations on what you guys are doing. My question is that we actually hold a lot of small microcap IT services company in India and we do a lot of research in what's happening in AI in the US and talking to a lot of promoters in the last 2-3 months, we have been hearing that the theme of vendor consolidation is going across the board. Like a lot of enterprises are consolidating their vendors, they basically, so the thing that I am hearing from promoters of Indian IT companies, is they are consolidating vendors because they want to reduce their SaaS tools and basically get their data at a single unified place and then they want to invest more into AI and integrated stuff. So, what are you guys hearing across your clients I wanted to know that?

Aditya Krishna: Just if you can clarify you said that they want to keep all their data in one place?

Akshat Rohatgi: So, they want to reduce their SaaS tools, they want to reduce and consolidate data at like 2-3 places so that when they are able to do, when they want to invest more in agentic AI, the integration becomes easy, the integration tax is reduced because having so many vendors so many tools at their disposal.

Aditya Krishna: Most suppliers work on the network of the customer. I don't know how reducing vendors will make data more available to the customer because the customer anyway owns their own data. I am not able to understand the question but if your question is, is there vendor consolidation, yes there is vendor consolidation in most customers who are using multiple suppliers and we see this as a big opportunity because we feel we are right sized, we have the right capabilities and we have the right AI frameworks to drive an efficiency in the process and win these longer term contracts. I think what we are looking for is more opportunity and a level playing field, if we can get that, we are very confident that our capability as well as our agility will get us business.

Akshat Rohatgi: So the follow-up question to that is SaaS and software in the US, is the sentiment is that it will be cannibalized by all these AI, agentic AI, automated SDLC platforms. So, what kind of revenues are we driving from platforms like salesforce or service now and do you think that if AI platforms or SDLC a lot of companies that we track, sort of that we are tracking right now, that are kind of cannibalizing some of the segments of the SaaS companies in the US. So would it affect us as well as the downstream IT services?

Aditya Krishna: Is salesforce in your mind or in your in this context of our discussion is that a SaaS company?

Akshat Rohatgi: Not sales, I would mention ServiceNow.

Aditya Krishna: ServiceNow to you is a SaaS company, right?

Akshat Rohatgi: Yes.

Aditya Krishna: Now tell me why will ServiceNow be cannibalized because somebody who has implemented ServiceNow is spending a lot of money on licenses. They will continue to optimize their business workflows using ServiceNow. To switch out off ServiceNow to something like a manage engine requires a lot of tech services which is positive for tech services. If you stay with ServiceNow is positive for tech services. So, tech services whether you stay with ServiceNow or you move to another provider like ManageEngine as an example will still provide revenue to a tech services company. Now can you do without ServiceNow, can you do without ManageEngine using a genetic AI, as of now you can't. So, tech services is here to stay unless I am missing something.

Akshat Rohatgi: Understood. That answers my question. Thank you.

Moderator: Thank you. Our next question comes from the line of Vikas Srivastava from RBC. Please go ahead.

Vikas Srivastava: My last question is, where do you see headcount trends and onshore offshore trends considering the increase in turnover etc. and more outcome based? Just some kind of assessment of where are we headed on headcount as compared to turnover and onshore offshore headcount?

Aditya Krishna: As of this point Vikas, it will be proportional as revenue grows. So, if revenue grows 4X, headcount will go up 4X. I think that's the rule of thumb we can we have to work with. Now can AI, can outcome based reduce that, it probably will but for example shared services as a proportion of shared services and our revenue increases, then that will reduce the number of people in relation to revenue. But the flip side is, as the company grows you need more people in support, you need more people in pre-sales, you need more people in sales. I think it's fair to say that for our size, if we want to go 4X revenue, we will have to take our headcount to 12,000. So that's on the first part. The second question was onsite-offshore. We ideally want to do a little bit more onsite because onsite gives us 4X the revenue, so we need four people offshore which is equal to one person on site. So, our focus is to increase onsite for two reasons, one revenue vis-à-vis headcount and second, if you are working onsite with a customer, we also have more intelligence on that account because that person can give us more intelligence. If we have one person today and we increase that to five, we will have five people on the ground with the customer to give us more intelligence so that's the plan.

Vikas Srivastava: Just one question, what kind of visas are we looking for? When especially if we are talking about the US now and what kind of challenge would you face with visas, I am assuming these are not H1Bs?

Aditya Krishna: No, H1Bs have become too expensive at this point, so these will be either L1s or local hires.

Vikas Srivastava: And what is the talent scarcity and availability for local hires?

Aditya Krishna: No problem of talent in the US for tech services.

Vikas Srivastava: Good to hear. That was my last question. I assure you I am not coming back in the queue. Thank you.

Aditya Krishna: Welcome Vikas.

Moderator: Thank you. Ladies and gentlemen in the interest of time, that was the last question. I would now like to hand the conference over to the management for closing comments.

Aditya Krishna: We thank everyone for taking our time to participate in this call and for their interest in Saksoft. I hope we have 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 Networth Capital Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.