

Operator: Ladies and gentlemen, good day and welcome to Saksoft Ltd. Q1 FY27 earnings conference call hosted by Monarch Network Capital Limited. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star and 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 – Monarch Network Capital Limited: Hi, good afternoon, everyone, and thank you for the opportunity. I welcome you to the Saksoft Ltd. Q1 FY27 earnings call. Joining us, we have the senior management of the company. We have Mr. Aditya Krishna, who is the Managing Director of the company; Avantika Krishna, who is the Executive Director; and Mr. Niraj Kumar, who is the COO and CFO of the company. I now hand over the call to Mr. Aditya Krishna for his opening remarks. Thank you. Please go ahead, sir.

Aditya Krishna – Managing Director: Thank you, Vinay. Good afternoon, everyone, and thank you for joining us for Saksoft Ltd.'s earnings conference call to discuss our performance for the first quarter of FY27. I hope all of you have had the opportunity to review our financial results and investor presentation. I will begin by sharing the key business developments during the quarter, following which my colleague, Chief Operating Officer and Chief Financial Officer, Mr. Niraj Ganeriwala, will take you through the financial performance in greater detail.

The IT services industry continues to navigate a period of significant transformation. While macroeconomic and geopolitical uncertainties have resulted in cautious customer decision-making, the underlying technology opportunity remains strong, with enterprises increasingly prioritizing AI, cloud modernization, cybersecurity, data, and automation. As AI moves from experimentation toward scaled adoption, we believe the industry is entering a new phase of growth, creating meaningful opportunities for companies that can combine technology expertise with a deep understanding of customer needs and deliver measurable business outcomes.

Q1 FY27 reflected the continuation of the demand softness that began to emerge toward the third quarter of the previous financial year. Customer decision-making has remained cautious in certain segments, and our top few clients continue to face near-term pressures that have impacted technology spending and the timing of renewals and new engagements. In this environment, our diversified growth strategy is beginning to demonstrate its resilience. Our robust capabilities, presence across multiple industry segments, and focus on building deeper relationships with clients provide us with a strong foundation to navigate periods of uneven demand. We remain mindful of the near-term environment.

In parallel, we continue to make focused investments in our artificial intelligence capabilities, accelerators, and solutions. These investments are increasingly becoming an important differentiator in our ability to engage with customers around their evolving technology priorities. By combining our domain expertise with AI-led solutions, we are enabling customers to accelerate transformation initiatives, improve productivity, reduce complexity, and generate measurable business value. Our AI capabilities are also helping us move higher in the customer value chain,

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strengthen our strategic relevance, and broaden the scope of our engagement. Our focus remains not only on developing technology capabilities but also on ensuring that these capabilities are closely aligned with specific customer requirements and business outcomes. We therefore continue to invest in talent, industry-specific solutions, and delivery excellence that can help us respond more effectively to changing customer needs. These investments are intended to support both near-term client priorities and longer-term opportunities arising from technology-led business transformation.

We believe this combination of strong client relationships, differentiated capabilities, domain expertise, and disciplined investments will allow us to deepen existing relationships and expand our share of customer technology spending over time. During the quarter, we also strengthened our leadership team through several strategic appointments, including the appointment of a Chief Growth Officer for the Europe region and business unit heads for emerging verticals. These additions are an important step in strengthening our organizational capabilities and sharpening our focus on growth opportunities across our select industry verticals and regions where we are present. The enhanced leadership structure is expected to further strengthen our sales engine, improve market coverage, deepen customer engagement, and enhance alignment between our go-to-market and delivery organizations.

As we look ahead, we remain focused on executing our strategy with discipline while continuing to invest selectively in the capabilities that will shape the next phase of our growth. Our focused investments in artificial intelligence, digital transformation, cloud, data, cybersecurity, automation, and industry-specific solutions, together with our strong and trusted client relationships, position us well to improve our growth trajectory as demand conditions normalize. We recognize that the near-term operating environment may continue to remain uneven, and we will remain disciplined in managing costs, prioritizing investments, and maintaining operational agility while pursuing attractive growth opportunities. With that, I would now like to invite Niraj to take you through the financial performance for the quarter.

Niraj Kumar – COO & CFO: Thank you, Aditya. Let me now take you through the financial highlights for the first quarter of FY27. Revenue from operations for the quarter stood at around INR 249 crores, remaining largely stable compared to the corresponding quarter of the previous year. EBITDA for the quarter stood at INR 45 crores, reflecting a marginal decline of 1% year-on-year, while the EBITDA margin remained stable at 18.26%. Profit after tax stood at around INR 26 crores, translating into a profit after tax margin of 10.78%.

Now moving to our revenue mix. The Americas remained our largest market, contributing nearly 52% of our total revenues, followed by Europe at 27%, while the remaining 21% was contributed by the Asia Pacific and other regions. From a delivery perspective, the onsite and offshore revenue mix was 43% and 57%, respectively. Our revenue base continues to remain well diversified across industry verticals. Banking and financial services contributed about 30% of revenues, emerging verticals accounted for 45%, transportation and logistics contributed about 16%, and the balance 9% came from the digital commerce vertical. Turning to client concentration, our top 5 clients accounted for about 32% of our revenues, and we currently have 40 active clients contributing annual revenues of USD 1 million and above each. Our total employee strength stood at 2,404, out of which 2,283 were technical professionals. Employee utilization, excluding trainees, remained

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healthy at 83% during the quarter. That concludes the financial update for the quarter. We would now be happy to take your questions.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may please press star and one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

Operator: The first question is from the line of Vikas Shrivastava from RBC Financial Services Private Limited. Please proceed with your questions.

Vikas Shrivastava – RBC Financial Services Private Limited: My question is more about the pipeline and conversion. We got the gist of the challenges the industry is facing. I wanted to know how the pipeline is looking now compared to the next quarter, what the challenges in conversion are, and when we see some traction on conversion and some growth. Are we expecting any year-on-year growth?

Aditya Krishna – Managing Director: The pipeline is looking good, Vikas. As I mentioned in our last call, the pipeline has never been better for us, and I think the same holds now as well. Decision-making is getting delayed, unfortunately, and we are pushing as hard as we can, but there is a limit to how much you can fight the industry. The next quarter is also looking muted. I think we are hopeful of seeing some growth in the second half. That is where we really are in terms of the realistic situation.

Vikas Shrivastava – RBC Financial Services Private Limited: That is good to hear. Thank you. Just one question regarding the numbers. I do not remember them offhand, but you gave specific pipeline numbers in the last quarter compared to the preceding year or preceding quarter. How is the pipeline different between last quarter and this quarter in terms of quantum? Second, regarding the person you hired in Europe, how long has he been on board, and have you had any attrition at any level, especially among recent hires?

Aditya Krishna – Managing Director: There has been no attrition among senior hires in the region. The Chief Growth Officer has been in place for about a month now; he joined in June. About a month.

In terms of the pipeline, Vikas, last time we mentioned \$25 million as the pipeline, and the number today is considerably higher. I do not have the exact number, but I can send that to you. However, there are two things to keep in mind with this number. One is the absolute amount. The second is the quality of the pipeline.

Now, what do I mean by that? We are deliberately staying away from headcount deals. Traditionally, technology services has been an industry where headcount is linked linearly, or coupled linearly, to revenue growth. We are trying to break that by moving more toward managed services and outcome-based deals. The deals are bigger, but they take longer to materialize and for decisions to be made.

That transformation will cause us some pain, but it will hold us in good stead in the long term. In fact, I would say in the medium term as well. Our pipeline is increasing and improving because of that. The quality of the deals is better, and the texture is better. But, of course, the proof of the pudding is in the eating, Vikas. Finally, we have to deliver growth, and that is what the entire team, including myself, is focused on.

Vikas Shrivastava – RBC Financial Services Private Limited: That is good. Thank you. If I have more questions, I will come back in the queue.

Operator: Thank you, sir. The next question is from the line of Divya Bansal from Alpha Capital. Please proceed with your question.

Divya Bansal – Alpha Capital: My first question is: given the continued demand stress, what is your revenue guidance for FY27?

Aditya Krishna – Managing Director: We had given revenue guidance of, I think, 1,000. Last year, we finished at 1,007 crores. We had given revenue guidance of 1,200 to 1,250, I think. {? 1,200 to 1,250 ?}. How much? 1,200 to 1,250. Yes, we gave revenue guidance of 1,200 to 1,250. We will still hold to that as of today because the pipeline looks good. If we need to restate it, we will do that at the end of the second quarter.

Divya Bansal – Alpha Capital: Also, when do you expect the demand environment to improve? Are you seeing any recovery in client spending currently?

Aditya Krishna – Managing Director: It has been a tough quarter, and I do not see anything significantly improving in the second quarter. I wish I had an answer for you. I wish I had a more positive answer for you, but at this point, we are putting in the maximum effort not only to build the pipeline but also to convert the pipeline into revenue.

It is becoming tough, but as I said earlier in response to Vikas's question, part of it is because we are staying away from the traditional technology services business of headcount, staffing, and body shopping, and deliberately moving toward more value-based, outcome-based managed services. That pain, along with the industry headwinds, is causing us difficulty. I know I am repeating myself, but you have to be patient. The numbers will come, and growth will come. It will not happen overnight.

Divya Bansal – Alpha Capital: Which vertical will drive growth in FY27 or onwards? Will it be BFSI, emerging verticals, commerce, or something else?

Aditya Krishna – Managing Director: Out of the 4 verticals, 3 will drive growth. I think we are seeing the maximum headwinds in digital commerce. Emerging verticals will lead, followed by BFSI and then logistics. You will see growth in these 3 verticals.

Divya Bansal – Alpha Capital: Thank you.

Operator: Thank you, ma'am. The next question is from the line of Rahul Shah from Eternal Capital. Please proceed with your question.

Rahul Shah – Eternal Capital: Thank you so much for the opportunity, sir. My questions are more about the employee cost side. I have seen that you have added a Chief Growth Officer and business unit heads for some of the verticals. What pipeline generation, deal conversion, or client acquisition can we expect directly from these hires? I also know that the overall employee-cost trend has been that employee count is declining and the cost is going down. With these hires, what additional employee cost will you incur?

Aditya Krishna – Managing Director: We have repurposed some senior employees. When I say repurposed, we had some founders of a previously acquired company who completed their earn-out and exited. We put that money or those costs into the Chief Growth Officer and the new head of the emerging verticals. Therefore, overall, I do not see employee cost going up.

To answer your question about how much the Chief Growth Officer will add to the pipeline and conversion, it will take some time, Rahul, because he has been with us for only a month. However, in one month, we have added one new, significant client. It is a logistics company, an airline company that is a major supplier to Amazon. That client has been added. Good progress so far. It is still early days, with one month in the company.

Rahul Shah – Eternal Capital: Understood. Regarding the employee count, it has been declining for at least the last 2 consecutive quarters. I assume most of this reduction is on the technical side, involving technical employees. Is this primarily a function of operational efficiency and AI-led productivity, or are there other factors?

Aditya Krishna – Managing Director: It is a combination of 2 factors, Rahul. One is AI-driven productivity in engineering and AI-driven productivity in managed services. The second, very importantly, is efficiency in our support operations.

For example, we are using AI agents for recruitment. We are not hiring people for recruitment; we are downsizing recruitment teams and using AI agents for that. The same applies to invoicing and payables. We are using agents for internal operations, and that is helping us from an employee-strength perspective.

On the delivery side, it is really AI-led engineering. Also remember that we are now pushing more toward outcome-based and managed services. Therefore, the need for headcount simply to add revenue is also becoming decoupled. All these 3 factors are contributing, and you will continue to see this. Hopefully, you will see headcount flattening or reducing while revenue goes up.

Rahul Shah – Eternal Capital: Understood. One last question, if I may. Regarding the employee base, once growth reaccelerates and we have more visibility on the demand side, how would the employee base move? What are you expecting? To give you an idea, I am more focused on the employee-cost side, that is the...

Aditya Krishna – Managing Director: How will it go up in terms of what percentage or numbers? What is the question?

Rahul Shah – Eternal Capital: Yes, the employee base as a number and as a percentage of revenue.

Aditya Krishna – Managing Director: I do not have an answer for you, but all I can say is, it is not going to. The simple answer, Rahul, is that today, if you see, almost 77% of our cost is made up of employee costs and the contractors and subcontractors we use.

Allowing for the impact of appraisals that will come in the next quarter, this percentage should decline over time, predominantly on the basis of 2 things, as we mentioned. One is moving away from headcount-based contracts to outcome-based contracts and managed services. The second is the efficiency that AI will bring to internal processes. Therefore, we do expect the percentage of overall employee and resource costs relative to revenue to decline over time. I hope that was your question.

Rahul Shah – Eternal Capital: Yes, that answers my question. Thank you so much, sir.

Operator: Thank you, sir. The next question is from the line of Vikas Shrivastava from RBC Financial Services Private Limited. Please proceed with your question.

Vikas Shrivastava – RBC Financial Services Private Limited: Aditya, you mentioned that it was substantially higher and you do not have the number, and we were at \$25 million. If you can give me a range, is it \$30 million, \$35 million, or \$40 million? Where are we after 1 quarter? I will not hold you to a very exact figure. Just a range—where are we on the... That was the first question.

Aditya Krishna – Managing Director: Vikas, the number is \$28 million.

Vikas Shrivastava – RBC Financial Services Private Limited: My next question was on tail accounts. Besides looking for new, more outcome-based and shared-services kinds of contracts, are we also letting go of tail accounts and not bidding for them again? Are we doing that deliberately, or are you still sticking with old revenues because there is pressure on revenue right now?

Aditya Krishna – Managing Director: No, we are letting them go, Vikas, because we are letting go of accounts that we do not believe have any potential to scale or that could put us in a situation where we are marginalized.

Vikas Shrivastava – RBC Financial Services Private Limited: Would it be possible for you to quantify that over the last 2 quarters in terms of run rate? What have we actually experienced in what we call voluntary attrition of clients? Would there be any method or way for you to give us some indication of the extent of voluntary attrition of clients and business?

Aditya Krishna – Managing Director: One lagging indicator is that client concentration has gone down. Our top... I think our top 5 accounts have gone from 58% to 52%. Sorry, I might have the numbers wrong. What is the number? The top 10 is 58% to 56%. 58% to 56% is the top 10.

Therefore, you will see client concentration going down while revenue is flat. That is one positive. If you look at our BFSI revenue, it is the same in absolute terms between Q4 and Q1.

Management: This is not a bad sign. We are trying to get rid of accounts. It is difficult to give you a percentage because we do not have so many accounts that we need to put it in percentage terms. I could say that between Q4 and Q3, I can probably get you the number of accounts we have let go. I can send that to you.

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Vikas Shrivastava – RBC Financial Services Private Limited: That is it from me. Thank you.

Operator: Thank you, sir. The next question is from the line of Hitesh, an individual investor. Please proceed with your question.

Hitesh – Individual Investor: Hello, am I audible?

Operator: Yes, sir.

Hitesh – Individual Investor: I wanted to know how your top 10 clients are behaving currently. Are they still cutting discretionary spending, or are budgets starting to normalize?

Management: Nothing is normalizing. There is tremendous disruption because of AI, and there is also tremendous disruption in the industry because of headwinds and competition. Nothing is normalizing. That is one thing I can guarantee.

Do we see improvement? Yes, we will see improvement. Technology services is not going anywhere. To give you a perspective, over the last 5, 6, 7 years, technology services has made money by moving customers from on-premises to the cloud. Now there is a move from the cloud to on-premises. This change in perspective or change in strategy among enterprise customers is likely to continue forever. This means technology services is not going anywhere. It is here to stay.

The successful companies, and that is where our focus is, will be the ones that use AI for productivity and engineering. Our 2 tracks, in which we are putting a lot of effort into building capabilities, training our people, skilling our people, and reskilling our people, are AI in engineering and AI in managed services.

Can I do product engineering using AI much more efficiently? The rule of thumb today is that I can be 30–50% more efficient than I could be before AI emerged. That is on engineering. Managed services may not achieve that extent of improvement, but at least 20–30% efficiency is coming because of AI.

Nothing is normalizing because of AI, and nothing is normalizing because of headwinds, but I do not think there is a concern regarding growth in the medium term. We will definitely grow in the medium term. We will have a couple of quarters of difficulty as we transform and as some of our customers return to spending. However, they will return to spending because their businesses depend on it.

Hitesh – Individual Investor: Another question is whether we have mapped any target for...

Operator: Sorry to interrupt, Hitesh, your voice is very low. Can you speak a little louder?

Hitesh – Individual Investor: Is it okay now?

Operator: Yes, sir.

Hitesh – Individual Investor: I wanted to know what our current target is for reducing top 10 client concentration, which currently stands at 52%. Have we mapped any such target?

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Management: There is no strategy to reduce it right now. Any revenue that can come is welcome. Therefore, even if concentration goes up, I am not concerned because it is the top 10. It is not one customer that is causing such a high concentration.

Hitesh – Individual Investor: That is all from my end. Thank you.

Operator: Thank you, sir. The next question is from the line of Dhruv, an individual investor. Please proceed with your question.

Dhruv – Individual Investor: My question is: how much revenue are you currently generating from AI-related projects, and what can this contribute over the next 12 to 18 months?

Management: We do not break out our revenue into AI because every project that we do today includes AI. Different companies look at it differently. If there is an element of AI, I would call it an AI project and classify it as AI revenue. However, AI is no longer a nice-to-have; it is a must-have.

Whether it is managed services, engineering, discovery, or any other aspect, we use AI. Whether it is a business requirements document or a technical requirements document, everything includes AI. Even when we are executing a contract, we use AI for legal work. The short answer is that we do not break it out separately.

Dhruv – Individual Investor: Does an AI project help you increase wallet share with existing customers? Are you seeing any improvement in deal size because of AI?

Management: Yes. Because of AI, we are now able to bid for much larger projects because AI has leveled the field between smaller companies like us and larger companies. RFPs and proposals for which we were normally not invited now include us because of AI. That bodes well for companies of our size because it helps us improve our pipeline, which is why you see our pipeline in a much better position than it was historically. AI is consistently helping us improve our business.

Dhruv – Individual Investor: Thank you. That is all from my end.

Operator: Thank you, sir. The next question is from the line of Mayank from Ajanta Pharma Limited. Please proceed with your question. Mr. Mayank, your line has been unmuted.

Mayank – Ajanta Pharma Limited: Just a second. I have a question regarding how much revenue is currently coming from managed services and what percentage it could become by FY28.

Management: I just answered that with the previous gentleman. I said we do not track AI revenue separately. Every aspect of our business has AI built in today, whether it is engineering or managed services. Therefore, it is difficult to give you an answer because we do not track it.

Mayank – Ajanta Pharma Limited: That is fine. Thank you so much.

Operator: Thank you, sir. The next question is from the line of Rohan Joshi, an individual investor. Please proceed with your question.

Rohan Joshi – Individual Investor: Hi, am I audible?

Operator: Yes, sir.

Management: Yes, sir.

Rohan Joshi – Individual Investor: My question is about the industry. Are the larger IT players moving down the deal-size spectrum because of deferred large-enterprise spending? Is this resulting in increased competition for Saksoft Ltd. or for the smaller players for whom this was previously the addressable market?

Management: Can you repeat the question, please?

Rohan Joshi – Individual Investor: My question is whether other larger IT players are moving down the deal-size spectrum because of deferred large-enterprise spending, and whether this is resulting in increased competition for players like Saksoft Ltd., for whom this market was previously addressable.

Management: Competition has certainly increased because larger companies are also competing for smaller deals. However, the reverse is more relevant for us. We are now present in deals where we were not previously present because of AI.

If I were to summarize it, I am sure that companies of our size are in a better position than the larger players. The larger players may compete, but customers also realize that the attention they receive from companies like Saksoft Ltd. is much greater than what they would receive from a Tier 1 or Tier 2 company.

Rohan Joshi – Individual Investor: As you discussed AI, what proportion of the current AI engagements are at production scale, and how much of that is in the pilot stage?

Management: We are doing this, and nothing is a pilot. Everything is in production. Every project that we undertake, whether it is engineering or managed services, has an AI component built in.

Some projects have much more AI, and some have much less, depending on the maturity and acceptability of customers. Ultimately, the LLM that you use, whether it is provided by the customer or by us, has to be approved by the customer so that it can be used in their environment. Therefore, LLMs, or the maturity of the customer, determine the extent to which we use AI in projects.

Rohan Joshi – Individual Investor: For these AI-led projects, by how much has the average ticket size increased? I am looking for a ballpark figure.

Management: I cannot understand what you mean. Can you repeat the last part of your question?

Rohan Joshi – Individual Investor: I wanted a ballpark idea of the average ticket size for these AI-led engagements and how it has progressed over the years.

Rohan Joshi – Individual Investor: Yes, for AI-led work?

Management: We do not do anything that is only AI-led work. Every project and every piece of work that we undertake has an AI component built in.

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The only offering we have that is pure AI is for a customer that wants to set up an AI co-innovation lab. In that case, we provide our AI-trained resources, who then work with the customer to identify use cases and implement them in the customer's workflow. That is the only thing that is pure AI, and it again depends on the customer's maturity. This example represents a customer that is at the lower end of AI maturity.

Rohan Joshi – Individual Investor: Thank you, sir. Thank you so much.

Operator: Thank you, sir. Ladies and gentlemen, to ask a question, please press star and one now. Participants who wish to ask questions may please press star and one at this time. The next question is from the line of Shubham Waikarya, an individual investor. Please proceed with your question.

Shubham Waikarya – Individual Investor: Hello, can you hear me?

Operator: Yes, sir.

Shubham Waikarya – Individual Investor: Firstly, thank you so much for giving me this opportunity. My question is regarding the earlier...

Operator: Shubham, please proceed with your question. Ladies and gentlemen, to ask a question, please press star and one now. Participants who wish to ask questions may please press star and one at this time. A reminder to all participants: to ask a question, please press star and one now. The next question is from the line of Sugul Patel, an individual investor. Please proceed with your question.

Sugul Patel – Individual Investor: Hello, sir. Thank you for the opportunity. Earlier, you gave guidance of 14–15% revenue growth, but Q1 was flat for us. How are you planning to achieve your long-term guidance of \$500 million in FY30? Can you provide some insight on that?

Management: I think somebody asked this question earlier as well regarding guidance for this year. We had given guidance of 1,200 to 1,250 crores compared to last year's 1,007 crores. As of today, we are sticking to that guidance, which would mean approximately 25% growth over the previous year. For now, our focus is on this year rather than looking too far ahead.

Sugul Patel – Individual Investor: I have one more question regarding our international business. The US is our primary growth market. Should investors expect its revenue contribution to increase further, or should it flatten while the company explores other markets?

Management: Currently, we get about 52% of our revenues from the US. You will see that growing. Our objective is to take that to at least 65% over the next 2 or 3 years.

Sugul Patel – Individual Investor: One more question. Our client count above 1 million has remained constant. Are we going to add more clients, or is there anything you would like to share on that?

Management: We have 16 customers contributing 1 million-plus, and the reason that number is flat is that revenues are flat. Once we start growing both in terms of wallet share and topline, the number of these customers will definitely grow.

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Sugal Patel – Individual Investor: That is all from my side. Thank you for the opportunity.

Operator: Thank you, sir. Ladies and gentlemen, to ask a question, please press star and one now. Participants who wish to ask questions may please press star and one at this time. As there are no further questions from the participants, I now hand the conference over to management for closing comments.

Management: Thank you for joining us today and for your continued interest in Saksoft Ltd. We appreciate your time and thoughtful questions, and we hope we addressed your queries satisfactorily. Should you require any further information or clarification, please feel free to reach out to us or our investor relations advisors, Valorem Advisors. Thank you once again, and have a great day.

Operator: Thank you, sir. On behalf of Monarch Network Capital Limited, that concludes this conference call. Thank you for joining us, and you may now disconnect your lines. Thank you.

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