



“Saksoft Limited
Q1 FY '26 Earnings Conference Call”
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MODERATOR: **MR. VINAY MENON – MONARCH NETWORK CAPITAL**

Moderator:

Ladies and gentlemen, good day, and welcome to Saksoft Limited Q1 FY '26 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 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. 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; Ms. Avantika Krishna, Chief Sales Officer; and Mr. Niraj Kumar, CFO and COO of the company. Now I'll hand over the call to Aditya Krishna for his opening remarks. Thank you, sir.

Aditya Krishna:

Thank you, Vinay, and good afternoon, everyone. Welcome to our earnings call to discuss the performance of the first quarter of financial year 2026. Let me begin by briefing you on the key business highlights for the quarter, after which my colleague and our Chief Operating Officer and CFO, Mr. Niraj Ganeriwala will brief you on the financials.

You're all aware that the IT sector has been facing severe headwinds due to rising global geopolitical tensions, resulting in demand disruptions across sectors. Despite these, I'm pleased to report that we've had a strong performance in the quarter under review on a year-on-year basis.

For anyone new to Saksoft, I'm reiterating that since the last financial year, we are repositioning ourselves as an AI-led product engineering company as a response to the altered business reality in the world. This is a big change that has transpired in the previous year. Complementing to our repositioning, the acquisition of our Salesforce and ServiceNow partners, Ceptes and Zetechno respectively, have started to deliver tangible results with increased conversations and traction across our \$1 million-dollar-plus accounts.

Alongside this, our continued focus on operational efficiency has enabled us to manage costs more effectively while improved foreign currency realization further supported profitability. From an operational standpoint, we are pleased to share that we added a new customer in the \$0.5 million bracket within our logistics vertical, and successfully scaled an existing client from \$0.5 million bracket to the \$1 million bracket in our commerce vertical.

These developments underscore both our ability to expand our customer base and our success in deepening relationships with existing customers. In addition, we are investing in AI frameworks across the various stages of the software development life cycle and will be coming up with a suite of frameworks, which will not only enable faster and intelligent development and deployment of code, it will also facilitate a key challenge every industry is focusing on, which is modernization of the legacy code.

These frameworks not only enable conversations with prospective clients, they also are instrumental in a faster turnaround of a prospect to a client. Now I would request my colleague, Niraj to give you the financial highlights for the quarter under review.

Niraj Ganeriwala:

Thank you, Aditya, and thank you, everyone, for taking the time and joining our earnings call today to discuss the results for the first quarter of the financial year 2026. We reported a revenue growth of around 24% year-on-year at around INR249 crores. The EBITDA stood at INR46 crores, which grew by around 31% year-on-year and 26% quarter-on-quarter with the EBITDA margins being at 18.4%.

The net profit for the quarter was around INR32 crores, which grew year-on-year by nearly 26% and 8% quarter-on-quarter, with the PAT margins being at 12.99%. The Americas contributed around 44% of our total revenues. Europe contributed 21%, while the remaining 35% came from Asia Pacific and other regions. The on-site revenue was 44% and the offshore was at 56%. The BFS vertical contributes to about 31% of our revenues.

The emerging verticals around 47%, the logistics 14%, and the commerce vertical contributed 8% of the overall revenues. Coming to some of our customer metrics for the quarter. We have around 16 customers of the \$1 million plus revenue. The total employee count at the end of the quarter stood at 2,616, out of which 2,370 are technical with the utilization level of our employees, excluding trainees, being at 86% for the first quarter of the current financial year.

With these brief remarks, now I request to open the floor for Q&A.

Moderator:

The first question is from the line of Chirag from Ashika Institutional Equities.

Chirag:

So I have a couple of questions. So in one of slide, you mentioned the vision of around approaching \$500 million revenue milestone by 2030. So if you can elaborate on the headcount strategy from current base, okay? And second, you also mentioned that we are transforming ourselves to AI-led product or service offering kind of business model.

So can you share some -- like what -- from near term up to 2030 trajectory of the margin profile because what I've seen the companies which are into traditional IT offerings. And started offering AI-related offering in their core offering facing some margin pressure or headwinds.

As clients started asking for the pass on of the benefit of the margin, which they have incurred due to the generative AI and all. So if you can elaborate more on that?

Aditya Krishna:

Sure, Chirag. The first question on \$500 million by 2030 and the relationship with headcount. Tech services is a -- it's a proportional model. I mean, if revenues grow, headcount has to grow because at the end of it, what do we provide? We provide people at -- which are trained and skilled in the technologies that we are building our customers' applications on. So revenue is proportional to headcount.

So if revenue goes from where it is today to \$500 million, which is about 4x, the headcount will also be 4x. So currently, we're at about 3,000. So 4x would be about 12,000. So that is what will most probably happen by 2030. So that's number one. Number two, on the margin issue, you mentioned that you have come across companies that are facing margin issues when they're involved in AI.

I'd be very curious to know who is buying AI because AI has become a hygiene factor. If you don't have AI, you're no longer relevant. But our customers really embracing AI? It's -- for us, it's a question mark. If you're not in AI, you are not relevant. But are people -- are customers really buying AI? As of now, our experience is different. They are using AI as an enabler, but they're not really buying AI services or AI platform.

So in other words, if we don't have an AI platform, we are behind. But are customers expected to buy AI platforms? No. So what it's really doing is it's improving the productivity of our people. AI is really improving the productivity of our people, which reflects directly in reduced effort and reduce headcount with customers.

But then the customer is spending that budget somewhere else, and that's where our focus is. How can we do more for that customer and retain our wallet share and increase our wallet share. So that's the current landscape that we are experiencing.

Chirag:

Just one follow-up question, if I can. So if I look at the Q-o-Q trajectory in terms of growth, it is around 3.8% between Q4 to Q1. So on CQGR basis, if I extrapolate, we may end somewhere around 14% to 15%, okay? And the ask rate if I look at that is around 30 -- more than 30% kind of CAGR. So is there any cyclical element involved in our business or in, let's say, in H2 we're going to recognize a much greater proportion of growth or revenue, such?

Aditya Krishna:

I can make a lot of money on Excel, okay? And I can show you a lot of numbers which can dance in Excel. But that's not the reality. The reality is growing revenue and growing -- how do we grow revenue? We grow revenue by increasing wallet share with our existing customers and adding new logos. And that's our focus. If we can increase the wallet share with existing customers, and the appetite is there because we are still -- the wallet share with most of our customers is small.

So we have enough band -- I mean, enough runway to, if not double, maybe 4 or 5x grow our revenue to where it is today with existing customers. And that's our focus. If we can do that right 10%, 15%, 20%, 25%, 35% growth those just become numbers. I think what matters is if we can get the strategy right of focusing on existing customers and adding a few logos every quarter.

Moderator:

The next question is from the line of Amit Agicha from HG Hawa.

Amit Agicha:

Yes, sir, what percentage of revenue the company...

Moderator:

Sorry to interrupt, but your voice is breaking. Can you use your handset while asking a question?

Amit Agicha:

I will re-join the queue.

Moderator:

The next question is from the line of Sahil Sharma, an Individual Investor.

Sahil Sharma:

My first question is, I think we lost some ground on the retail segment. Any reasons for that?

Aditya Krishna:

Repeat that question, Sahil.

- Sahil Sharma:** Yes. I think we've lost some ground on the retail segment -- the traction on the retail segment. Any particular reason for that? Or is it just this quarter?
- Aditya Krishna:** Yes. It's a focus on margins, Sahil. What we did was, we had a, I think, a \$1.5 million license deal at no margin. We gave that up.
- Sahil Sharma:** Okay. I understand. And the second thing is that I think we've gained one \$0.5 million client and converted one \$0.5 million client to \$1 million. Now can you elaborate on these two clients, what is our target with this \$1 million clients in FY '26, '27 also?
- Aditya Krishna:** Yes. It's -- the \$1 million client is a large shipping agency in Singapore, who we are seeing a lot of traction with and a lot of tech spend. And the other is a B2B commerce play in the U.S.
- Sahil Sharma:** Okay. Okay. And any kind of targets we have with this \$1 million clients in FY '26, '27. I mean the traction you see on these fronts?
- Aditya Krishna:** Good traction, Sahil. Like I mentioned earlier, we had a very small part of their tech budget. So I would say we would be under 5% of their tech budget. And obviously, the competition is severe, but that's where we're able to score points over the bigger tech companies because we are more flexible, we are more -- we respond faster.
- And the constant answer I gave to buyers is, look, you want to deal with a company which is 20x your market cap or you want to deal with a company which is smaller than you or your size because only those will give you the attention that you need. And by and large, that resonates well. So we're trying that with this company, and I think we'll be successful.
- Moderator:** The next question is from the line of Amit Agicha from HG Hawa.
- Amit Agicha:** Sir, how do you see the industry evolving over the next 3 to 5 years? And where do you...
- Aditya Krishna:** We can't hear you?
- Amit Agicha:** The question is how do you see the industry evolving over the next 3 to 5 years? And [Inaudible 0:16:33] in the competitive analysis?
- Aditya Krishna:** Nidhi, can you help, please? Because I'm not able to understand the question.
- Moderator:** Amit sir, your voice is not here, it's breaking.
- Amit Agicha:** Yes. So my question was connected to like how do you see industry evolving in the coming 3 to 5 years because like tariff and all these things is like disruption actually, because clarity is still left, but how do you plan to position Saksoft as a company in the competitive analysis?
- Aditya Krishna:** Things are changing so rapidly, Amit, that I don't think anything lasts in tech more than 24 months. 24 months ago, if I told you that we would be today positioning ourselves as an AI-led software or a product engineering company, I would not be telling you the truth. So this whole idea of AI led product engineering happened maybe a 1 year, 1.5 years ago. That's where we are today, around intelligent products, intelligent platforms.

That's our focus. 24 months from now, will this still hold? I don't know. What's important is to read what's in the market, to read what our customers are wanting, how the tech landscape is constantly changing, evolving and adapt to that so that we stay relevant to our customers. That is the key. And that is an ongoing exercise. You have to be close to your customer, you have to be close to the market.

If you're in that position, you will understand what the customer wants and where the market is headed. And you'll adapt. So I can't give you an answer as to what we will be 24 months from now. All I can say is today, what we are and the fact that we have got our ears to the ground, feet on the ground, constantly looking for signals as to how to change, how to adapt for the future.

Amit Agicha: And sir, a follow-up to this is like Trump might consider services of to India also like under tariff, like that will be a big disruption. So are you planning something like other markets other than like 44% business we are getting from America? So we must be looking for some other continents?

Aditya Krishna: Yes, that's a good question, and the answer is very clear. We cannot be dependent only on the U.S. geography. We have to grow in Europe and the U.K. And we are focusing on that because -- what's happening in the U.S., I don't think anybody knows.

Amit Agicha: And sir, may I ask one more question that question is that for the Avantika. Ma'am, like as an entity, company meet last time, like we had spoken about hunters and farmers, like can you give us a little more brief about like how many employees are there in hunters, and how are they performing?

Aditya Krishna: Yes. You remember that, so let me give you an update, and you'll find it very funny or interesting, I don't know. So we had -- last time, I think we spoke, we had 4 hunters. So we now have only 1 hunter. 3 hunters have been fired because of non-performance. But they've been replaced by client partners. So we have put people on the ground. And as we speak today, we have 6 people on the ground in the U.S., focusing on existing accounts as client partners.

And that is yielding us much better results. And what it's telling us is that if we focus on existing customers, we will grow our business faster than if we focus on new logos. All we need is 1 new logo or 2 new logos a quarter. We don't need multiple logos. As long as the quality of those logos is good and they have a tech budget, which is sufficiently large for us to target.

So -- this is what also I meant earlier about having your ears to the ground, being flexible, being adaptable, changing strategy to suit what the market is, how the market is changing, how the industry is evolving. And at the end of it, see, as shareholders, as investors, you want growth, okay?

Growth in a particular manner, which drives profitability, sustains the growth profitability. And that's our job. So how we do it will keep changing. It won't change every quarter, but it will change definitely annually.

Moderator: The next question is from the line of Vikas Srivastava from RBC Financial Services.

- Vikas Srivastava:** Congratulations Team Saksoft on a great set of numbers, and thank you so much for the hard work you would have got in to get where we are. I have just two, three questions, and I have gone through the investor presentation. So from what I hear is that the EBITDA jump is not last time when Niraj was on the call and he said that the 16.5% EBITDA is the new normal, which was a little disappointing from what I hear in terms of hunters being replaced by client partners and margins and your statements in the investors call.
- Can I safely therefore, assume that these 18.5%, 19% EBITDA, and also the fact three hunters have been sacked, which would mean about a about \$750,000 per annum savings in -- of course, it's been replaced by partners, I'm sure they cost money, too. So first one is on the EBITDA, are we on course to remain at about 18.5%, 19% per annum going forward. And I know it's volatile, it will change year-to-year. But in the foreseeable future, can one safely assume that?
- Aditya Krishna:** No, Vikas, you can't assume that for a simple reason that -- two things will hurt us in the coming quarter. Number one, we benefited by currency depreciation -- or sorry, rupee depreciation, which will not sustain in quarter 2, number one. Number two, we have the annual increment cycle effect coming in quarter 2. So 18.5%, number one is not sustainable. Secondly, you will not see that in quarter 2, okay?
- But our job is to try and minimize the decline because -- and that's what I said earlier also about giving up businesses where margins are low or nonexistent, like we gave up the \$1.5 million license deal, which had 0 margin. So we want top line growth, but we also want profitable top line growth. So we're going to focus on that. So bottom line, 18.5% is not sustainable, Vikas, unfortunately.
- Vikas Srivastava:** Okay. But where are we -- how would you look at the full financial year in terms of after normalization and salary hikes, what range are we looking at going forward for the whole year?
- Aditya Krishna:** I would say between 16.5% to 17.5%.
- Vikas Srivastava:** Okay. So that was my first question. The second question is I have to also see this growth in the turnover. If I strike off that \$1.5 million license fee contract, which you've given up, that is about \$375,000 per quarter. So I -- we should take the growth in turnover or business in that context where there is a voluntary attrition of a client to the tune of about \$1.5 million, I'm assuming is an annual figure?
- Aditya Krishna:** Correct.
- Vikas Srivastava:** So to that extent, my understanding is right.
- Aditya Krishna:** Yes, absolutely.
- Vikas Srivastava:** Okay. That's good to hear. Now in your statement, you also said that you are investing, and I'm assuming the investment cost, you've already taken into account while you said 16.5% to 17.5% EBITDA. And you also said that you will grown faster. And as our previous participant mentioned, that we are probably doing -- to get to \$500 million -- \$500 million would be 5x

EBITDA Aditya, not 4x from here in 2030, right? It's in rupee -- in absolute rupee terms we are talking about. I know it's too far away, but that's INR4,500 crores.

So to get there, we are still talking about 30% plus CAGR growth. And you do mention with confidence in your investor statement that you are well positioned to grow faster. So would you just throw some color to that and some more elaborate on that in terms of a general -- I'm assuming that for the last 3 years, when you are sticking to this \$500 million 2030 vision, as we get closer and closer and in spite of all the U.S. problems and the volatility in technology, we are still -- it is still within the realms of possibility, and we are still headed towards that.

And especially in the context of the current year, what kind of growth do we expect in the subsequent -- we are 4 months into the year, right? So how is it looking this year looking in terms of turnover?

Aditya Krishna:

Sure. Rest assured, \$500 million is the -- is our target for 2030. No -- there is no going back on that. Now the question is, will we hit it? And -- that's the big question. And as of today, everybody -- my entire senior team, including myself, we are leaving no stone unturned to get to that target. Now having said that, what does that entail for this year, okay?

And I have mentioned this to you before also and to the larger group also that this year, we are aiming for anything between INR1,000 crores to INR1,100 crores. We want to beat it, but that's the guidance we are presently providing. Now what are we doing to get there? Because at the end of it, these are numbers.

Numbers will come if the offering that you have in the market and the way you're taking it to market is acceptable to customers. So what are we taking to market? We have two basic, and I am putting them in two big buckets, two basic offerings. The first one is our AI platform, which is targeted towards companies that are either building SaaS products or building applications.

So -- in the product engineering space. Now that AI platform has gained a lot of traction. We have invested a lot of money, but so has everybody else, okay? And this is what I said earlier. If you don't have that today, you're not relevant. So it's a hygiene factor. You have to be there. You have to showcase it. You have to give it to customers who want to use it. And every customer doesn't want to use it, but they want to hear about it, they want to talk about it. So we have to be there and we are there. So we're getting some business through that platform.

The other place where we are putting a lot of focus is building accelerators around intelligent platforms. So what do I mean by that? A platform is like Salesforce. Now we have four verticals: logistics, digital commerce, emerging vertical and BFS. So we are building accelerators, which are domain-focused for a particular or a couple of verticals and build an accelerator on it. For example, for BFS, for the banking financial services sector, we are building a platform -- we're building an accelerator, which does dispute resolution using the Salesforce platform.

And we're going to showcase this actually in the upcoming Dreamforce event of Salesforce in San Francisco in October. But why I mentioned this is that this is the sort of focus -- the sort of single rifle sharpshooter focus we are providing to our business and taking it to market. So what this does is it tells me, although my focus is BFS, within BFS who should I target.

I have to target prospects and customers who are using Salesforce and the ones that have a problem with their dispute resolution. And believe me, dispute resolution is a big problem for every BFS customer. So that's the approach to get new business as well as get higher wallet share. Very focused, very sharp.

Vikas Srivastava: So my next question was that you're down to 1 hunter. And what I can -- what I take away from the conversation until now is that the traction is mostly through existing clients and growing existing clients, and the focus is also there. So in terms of new logos and more hunters, are we - is this -- having just 1 or 2 hunters and sticking to 1 of the 2 logo -- new logo target, is this the new plan for the next year or two?

Aditya Krishna: No. We have to be prudent, Vikas -- what we had was -- what we tried was pure hunters, who didn't have an existing account to farm. So now our client partners are not only their 80% or 85% of the job is to grow their existing account, but they are also given a few accounts to prospect. So it's not that hunting is 0. They will do limited focus on hunting. But like I said, if we can get 1 logo or 2 logos a quarter that's enough for us to get to where we want to get to. We don't need dozens of new logos.

Vikas Srivastava: Yes. I got that. And the last question, again, I'm sorry, I'm going back to this. We've already done INR250 crores in the first quarter. And if I just extrapolate that into 4x, of course, year-on-year, we are growing. So are we -- are INR1,000 crores to INR1,100 crores, is it -- is it a conservative kind of band? Is there an upside risk to this INR1,000 crores? And considering that 4 months have passed, that was one question.

The one thing which I didn't understand when you said -- is there a cost to worry when you said that nobody knows what will happen with technology in 24 months. What exactly did you mean by that? And is there a cause to worry for the business or the shareholders? Those are the two last questions.

Aditya Krishna: Nothing to worry. That response was an answer to a question about the gentleman asked me, how do you see the industry and your positioning in the coming years. So it was more in the context that things are so rapidly changing Vikas, that it's difficult to say that today, we are an AI-led product engineering company, we will remain like that for the next 5 years. It's not possible. Same way 24 months ago, if somebody asked me, would you be a product engineering company, I would probably would have said no. But AI happened.

Now 24 months from now, something else might happen. So it's really in response to the fact and that is where we spend a lot of our time on how being close to the market, being close to the industry, what's changing, what are our customers looking for. Remember the days when SaaS was the best thing after sliced bread. Today, SaaS companies no more so highly regarded and so no longer so much in demand as they were 2, 3 years ago. Today, Salesforce, ServiceNow are more in demand because -- that's how the industry is today.

Everything is behind. Look at OpenAI, \$200 billion market cap, still running a loss. Who would have thought that this would have happened 24 months ago. So it's more in the context of that

things are constantly changing. And with that change comes also opportunity. The fact agile happened.

Agile projects happened. The differentiation between a large tech company and a small tech company became less worrisome for a buyer because of the agile methodology. So a lot of things are happening, which are leveling the playing field. And I think please see this only in a positive light, not in a negative light.

Vikas Srivastava: Got it. And the second question on -- is say, INR1,000 crores to INR1,100 crores a very conservative forecast? Or is there a substantial upside risk to that in the current year? I know it's nimble footedness the business is this thing, but would you -- could there be a wider range to this?

Aditya Krishna: Every morning when I read the Economic Times, I wonder what Trump is doing tomorrow. Now if he does something crazy for tech, what will happen to us? I don't know. So yes, we are being conservative as rather give a conservative guidance and beat it than give a guidance, which is out of whack.

Moderator: The next question is from the line of Vihaan, an Individual Investor.

Vihaan: I'm not sure if you may have already talked about it because I joined late. So just a couple of questions. One, just wanted to understand from where have we seen the growth coming from in this quarter, which -- I mean, region-wise? And has there been any tariff impact on our business until now?

Aditya Krishna: It's difficult to judge the tariff impact, but one thing I have to say is that the introduction of tariffs has resulted in a lot of uncertainty in decision-making or delayed in decision-making by buyers because nobody likes uncertainty and tariffs especially -- see if tariffs were 10%, full stop. Everybody would plan around it, work around it, build their business around it. But if tariff is 1 day 10%, next day 25%, third day 50%, people are not going to make decisions because they're going to be not sure what's going to happen tomorrow.

And that is hurting our business. And not only our business, it's hurting every business, including U.S. businesses. So I think that's the impact of tariffs. Whether that has resulted in growth being less, I cannot answer that question. And what was your first question?

Vihaan: So where have we seen growth coming from region-wise?

Aditya Krishna: Our focus is the U.S. region, and that's where we have grown. That's where we want to grow. And in fact, we will also provide a restatement of these numbers by geography because there are a lot of -- some of the revenues that are shown as Asia Pacific are actually for U.S. customers, but serviced out of their GCCs in India. So we changed that methodology a while ago. Now we will try and provide both sets of numbers where it's actually by physical location as well as where the customer resides.

So for example, in U.S. customer, we're doing business for them in the U.S. as well as in India, a lot of tech companies reported as U.S. geography. Now currently, we report it as only the U.S.

portion in U.S. geography and the balance in the APAC geography. We will provide both sets of numbers. So bottom line is U.S. is where the market is for us. And that's where our focus is, and that's where our growth has come from.

Vihaan: So is it fair to say the majority of our revenue currently is from the U.S. market, roughly 70% plus?

Aditya Krishna: Yes.

Vihaan: Understood. My last question is with respect to AI. Just wanted to understand what work are we doing in AI? And is there any -- until now, has there been any wins in the deal in the AI segment?

Aditya Krishna: Yes. We have an AI platform. If you look at our website, you will understand a little bit more about the platform. What the platform does is, it provides a holistic AI approach to the software development life cycle. So it's got a coding agent, it's got a testing agent, it's got a data part and it's got an infrastructure part. Now that holistically comes together as what we call stack.ai. And we have demoed that to a lot of prospects, a lot of existing customers.

There has been some traction in terms of revenue, but it's been disappointing, I have to admit vis-a-vis what we thought it would be. And it's not that we have given up. It's just that I think prospects and customers are taking their time to make a decision on AI because it's quite a challenging decision for them to take. So we're going to stay the course. And you will -- I'm pretty sure that AI is not only here to stay, but will start yielding revenue.

Moderator: The next question is from the line of Amit Jain from Monarch Network Capital Limited.

Amit Jain: Congratulations, Aditya, on a good set of numbers amidst this challenging time. Aditya, more on the understanding of the business, and although one of my question was answered by you that what exactly are we doing to achieve this 2030 target? And in terms of service offerings, Aditya, if I understand correctly that we are present -- we are offering QVM testing, data analytics, cloud security, digital engineering.

Now how this mix has changed or evolved over last 2, 3 years? So are we getting more revenue share from the digital engineering side? And if I understand correctly, AI has impacted all these offerings. So AI is present in all these offerings. That's my first question.

Aditya Krishna: The mix has been the same. I don't think the mix has changed too much. Digital engineering contributes the maximum percentage, and I think we'll continue to do that. And it's not just for us, it's for I think for every tech services company. Finally, it's how you classify revenue. So some people call it digital engineering, some people call it application engineering. Some people call it legacy modernization. It's all the same.

Basically, writing code for new applications, legacy migration, existing code enhancements all comes under digital engineering, and that will continue to be the majority of the revenue for every tech company -- tech services company.

Amit Jain: Okay. And Aditya, when we say digital engineering and product engineering, are these the same or does synonymous? We use it vis-a-vis, so both are the same? Or is it different?

Aditya Krishna: It's who the prospect or the customer is. Product engineering would be targeted specifically to a SaaS company which is looking to build another SaaS product, enhance their SaaS product or support their SaaS product, or an enterprise company building an application. That would be a product engineering. Digital engineering would be -- include legacy modernization. Digital engineering could mean a much wider range of software application writing than projects. In other words, product engineering is the subset of digital engineering.

Amit Jain: Understood. Understood. Aditya, one thing on this AI, if it's impacting, and just correct me if my understanding is wrong, that I'm just taking an example that your customer for whom, let's say, for any project, the man-hour required is 100 man hours are required. Now because of AI, now this number of man hours is reduced to 80. Now in terms of billing, will it impact us?

And are we doing something more to engage with that customer because the same project is now taking the less man-hour. So this impact on the billing? Just help me understand how we are coping with this.

Aditya Krishna: AI definitely results in improved productivity. So what you could do with 10 people now you can do with 7 or 8 people. So the numbers that you have will go down. The key there is, if you have an AI platform and you say your people are trained in AI platform and productivity is improved because of an AI platform. You have the ability to increase your rate for those remaining 7, 8 people. So rates will go up.

Number of people will go down. But -- and that's what I meant when I said earlier that you have to constantly change, you have to constantly evolve. And today, that's the flavor of the month. If you're not there, you're no longer relevant to your customer, your customer will go somewhere else. So I will go with my customer and say, look, I can reduce my existing team size from 10 to 8, okay? But I will charge you a couple of dollars more per hour.

Customer is better off. We are better off with those 8 people. Now what happens to the remaining 2 people, okay? And that's the challenge. And that's the opportunity because now we can say, okay, these 2 people are available, do you have any other work?

Can I take some work from an other supplier of yours to -- who doesn't have the AI platform? Can I take that work from you? And that's what we are seeing. We are seeing a fair amount of work coming to us from other suppliers who don't have the involvement or the maturity of the AI platform that we have.

Amit Jain: So if I read it -- understood correctly, what you mean to say that our billing has not changed from the same customer. Let's say I'm talking about customer A, if I'm charging for that customer assuming -- I'm just taking an example, let's say I'm charging him \$1 million. Now that my billing will remain unaffected. My number of man deployed for this project has come down, but I'm charging it higher. The billing is per hour is higher. So that's -- my gross billing remains the same. Is that understanding correct?

- Aditya Krishna:** No, that's not correct. So \$1 million will become \$900,000, okay? But the number of people will become less. So my efficiency or the realization per person will go up. So my profitability will go up, provided, I can deploy the balance people effectively in some other work.
- Amit Jain:** Understood. So from that customer, maybe the billing may come down, but that can be offset by using it in other projects?
- Aditya Krishna:** Correct.
- Amit Jain:** One of the questions, I think you have substantially answered that in terms of strategy that was my -- was my question, but I think that was answered.
- Moderator:** The next question is from the line of Rohit from itthought PMS.
- Rohit:** Just a few questions. So in the earlier answer to a question that you were asked about the margins, you said that probably this year margins we will not be able to hold because of the reasons you mentioned. But -- I mean, slightly longer term, given that you are really trying to grow the business, is that the margin band that you would want to sort of guide?
- Or is there some -- I mean as you scale, the margins can also expand. So I'm not asking about FY '26 per se, I'm saying let's say, 2 years out, 3 years out. So just wanted to hear from you on that. That was my first question.
- Aditya Krishna:** Niraj, you want to answer?
- Niraj Ganeriwala:** Sure, sir. So I think if you're looking at what is our wish, the wish is obviously, we would like to have better margins, Rohit. But having said that, you're right that in the current year, we are looking at anywhere between 16.5% to 17.5%. That's what we are looking at. The fact is also that 2, 3 years down the line if the volumes increase, they do bring in some efficiency. So we could see some marginal improvement over there.
- But then we'll also need to look at what are the kind of investments which we will need to simultaneously make. But realistically, if other things being the same and there is a good volume increase, the margin should slightly improve.
- Rohit:** Okay. Okay. And sir, just on your point of -- for you, the last part of the growth would be from your existing customers by increasing their wallet share. So in terms of -- so then like typically -- so if you look at their vendor base of IT vendor landscape, where would you be -- I mean, let's say, there are, I don't know if it's the right way to ask, but how many people do they typically work with? And where will you be in the pecking order?
- The reason for this question is, sir, because as growth is becoming tougher and tougher for everybody, would the bigger guys be willing to drop their prices and be more aggressive and hence, that can be a challenge for you in terms of getting growth. Just -- so that's why I wanted to understand, so who do you typically compete with to get the wallet share from your existing customers? So yes, that is what I wanted to ask.

Aditya Krishna: It varies by account or by customer. In some customers, the big tech services companies are very much present, and we have to fight them to get increased wallet share. By and large, it's not so difficult to fight with the large companies because they are quite -- because of their size, they become quite unwieldy and slow to respond. We can respond much faster. We can do much -- many things which they are not able to do because of our size.

And unless it is a very large requirement, multimillion dollar where there is an element of security with going with a large tech services company. And you see less and less of those today than you did a few years ago. Today, projects are smaller sized, which puts us very competitively versus large tech companies. To really answer your question, I don't think there is one answer to that question. It varies depending on customer and the size of the project.

But by and large, where we win is our ability to react fast to what the customer wants -- to deliver what the customer wants. And whenever there is an escalation or a concern to react and fix it much faster than a larger company can. And that's just a function of size. Small scale also should have some advantages. And I think this is the one big advantage in this industry that we have.

Rohit: And today, how many active clients do you serve? Just a number.

Aditya Krishna: If you look at our report, our top 20 customers, we've increased our share by 2% or 3% quarter-on-quarter. But in terms of total number of customers, we have around 80 customers. We have -- yes, we'll have about 80 customers.

Moderator: The next question is from the line of Arun, an individual investor.

Arun: So I wanted to understand why hasn't there been any employee addition in this quarter? And what could be the trend for this year?

Aditya Krishna: This tech services business is directly proportional to headcount. So if our headcount has grown by INR10 crores -- no, I'll get -- I'll let Niraj answer this question. I'll backtrack a bit.

Niraj Ganeriwala: So if I hear you right, your question is our headcount has not grown much, but our revenue has gone up. Is that your question?

Arun: No, no. I just wanted to understand the trend for the year and wanted to know the reason why hasn't there been much increase in the headcount for the quarter?

Niraj Ganeriwala: Reason, nothing being specific. It's been a slow quarter. Our attrition has been at a good rate. We have been able to retain people. And at the same time, if you see our utilization has marginally gone up, which means that we have been able to effectively utilize our existing resources to generate more revenues.

Having said that, the trend obviously has to be better as we move from INR250 crores quarterly run rate to upwards, we would see headcount addition coming in because it would be a little bit proportionate, if not completely in terms of increase in headcount versus the increase in revenues.

- Arun:** Okay. Got it. Sorry, if I had missed it earlier. So I wanted to know what is the cash on the books for the quarter? And do we have any acquisition plans for the FY '26 year? And if yes, what could be the size for the same?
- Niraj Ganeriwala:** Cash on the books, we've been having around almost INR190 crores to INR200 crores cash in the books. So that's been around for some time. Obviously, we have payments for our past acquisitions. If you've been following us, you will realize that we don't make 100% payment upfront. We generally pay 50% to 60% for an acquisition and the balance is paid over 2 to 3 years. So which is where the cash accumulates and it gets utilized.
- In terms of coming to your next part of the question, are we looking at any acquisition? I think we keep looking at, the last year, we have done 3 acquisitions. And if a good asset comes across, we would be happy to look at it. The general size is typically \$8 million to \$10 million in revenues and profit making. That's what we look at.
- Moderator:** The next question is from the line of Amit Agicha of HG Hawa.
- Amit Agicha:** Yes. Sir, my question was related to the attrition rate. Like what is the current attrition rate?
- Niraj Ganeriwala:** Current attrition, we are around 14%, Amit.
- Amit Agicha:** 1-4?
- Niraj Ganeriwala:** That's right.
- Moderator:** As there are no further questions, I would now like to hand the conference over to the management for closing comments.
- Aditya Krishna:** We thank everyone for taking the 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 advisers, Valorem Advisors. Thank you, everyone, for joining us.
- Moderator:** Thank you. On behalf of Monarch Network Capital Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.